No. 337

SUPREME COURT. U. S.

MAR [illegible] 1958

JOHN T. FEY, Clerk

13,355
No. 13,356

In the

United States Court of Appeals for the Sixth Circuit

◆

BURTON S. KNAPP, CHARLES E. RANEY,
GEORGE A. BLUM, DON B. LEATHERS
and ARTHUR W. SEMPLINER, individually
and as directors, officers and stockholders
of Monroe Paper Products Company and as
Trustees under a Voting Trust Agreement
dated December 31, 1953,

Appellants and Cross-Appellees,

v.

JOHN P. KINSEY, individually, and as a
director and stockholder of Monroe Paper
Products Company, and LAWRENCE G.
KUNKEL and THE WATERBURY CORRUGATED
CONTAINER CO., individually and as stock-
holders of said Monroe Paper Products Company,

Appellees and Cross-Appellants.

◆

Appeal from the District Court of the United States
for the Eastern District of Michigan,
Southern Division

◆

APPENDIX OF APPELLEES AND CROSS-APPELLANTS

GEORGE E. BRAND
GEORGE E. BRAND, JR.

Attorneys for Appellees and Cross-Appellants

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DOCKET ENTRIES

1954

Feb.	2	Complaint filed--Summons issued $15.00.
Feb.	11	Petition and Order Granting Leave to Pltf to Take Depositions Individual Defts--Lederle, J.
Feb.	12	Error on Part P. * * * Notice for Taking D's Deposition before Answer & P/S--Lederle, J.
Feb.	16	Motion to Dismiss Complaint--Notice hrg. 2/23/54.
Feb.	16	Motion to Quash or Modify Subpoena, To Adjourn Hrg. on Deposition Noticed for Feb. 17, 1954, to Change Place of Taking Deposition, and to Limit Scope of Examination, and Notice of Hrg. 2/23/54 & Affid.
Feb.	16	Unscheduled Hearing on Motion to Stop Taking of Deposition--Decided by Court that Deposition Taking Should proceed only in Monroe. That all parties be present and if any question arises as to Questions asked parties shall return to Court--Lederle, J.
Feb.	18	Pltf's Motion to Compel Deposition--Witnesses to Testify; and for Temporary Injunction or Restraining Order and for Leave to Take Additional Depositions--Affidavit.
Feb.	15	Appearance--Monroe Paper Products.
Feb.	15	Motion to Quash and for Order Adjg. Hrg. on taking Deposition Noticed for Feb. 17, 1954--Noticed Mon. Feb. 22, 1954.
Feb.	18	Summons filed.
Feb.	18	Subpoena to Blum et al filed.
Feb.	18	Appearance--Knapp, Raney, Blum, Leathers & Sempliner.
Feb.	18	Special hearing on Objections to P's Questions at Deposition also to Motion to Compel Answering etc. (not noticed) by Agreement of Council that the Status Quo would be maintained the Court adj'd all hearings on all Motions until February 23, 1954 @ 2:00 p.m.--Lederle, J.
Feb.	22	All Motions scheduled for this date adj'd to February 23, 1954 @ 2--Lederle, J.

Docket Entries

1954

Feb. 23	Answer to Pltf's Motion to Compel Deposition Witnesses to Testify, For Temporary Injunction and Leave to Take Additional Depositions by Geo. Huber.
Feb. 23	Motion to Dismiss Complaint by George Huber noticed 3/1/54 @ 2:00 p. m.
Feb. 23	Deft Monroe Products Motion to Dismiss heard in part and continued without; Deft Monroe Products Motion to Quash or Modify Subpoena, Adjourn hearing on Deposition--Change Place of Taking and to Limit Scope--Overruled to Quash, Motion to Changing Place of Taking and Adjournment and heard and submitted as to Limiting Scope.
Feb. 23	Pltf's Motion to Compel Taking of Deposition; Witnesses to Testify and for Temporary Injunction or Restraining Order and for Leave to Take Additional Depositions adj'd to date;--Lederle, J.
Feb. 23	Motion Def'd Huber to Quash Subpoena and for Order Adjoining Depositions overruled as to quashing Subpoena, Moot as to balance Motion--Lederle, J.
Feb. 23	Def'd Huber's Motion to Dismiss heard in part and continued without date--Lederle, J.
Feb. 23	Answer of Defendant: Monroe Paper Products with Counter-Claim.
Feb. 23	Motion to Dismiss by Defts. Knapp, Raney, Blum, Leathers and Sempliner, noticed 3-1-54 at 2.
Feb. 23	Motion to Quash and to Adjourn Hearing on Deposition noticed for February 17, 1954, To Limit Scope of Examination, and To Change Place of Taking Deposition by Knapp, Raney, Blum, Leathers & Sempliner--noticed 9-23-54 at 2.
Feb. 23	Defts Knapp, Raney, Blum, Leathers & Sempliner, Motion to Quash & To Adjourn Hearing, heard & overruled as to Quashing Subpoena, Moot as to Place Change and Heard and submitted as to scope--Lederle, J.
Feb. 24	Counter-Claimant Monroe Paper Products, Petition for Leave to Take Depositions of Certain Plaintiffs and Charles E. Feinberg and Order Granting Petition--Lederle, J.

Docket Entries

1954	
Feb. 24	Notice of Taking Deposition by Monroe Paper NP/S--filed.
Feb. 24	Order Overruling Motions to Quash Subpoena--Lederle, J.
Feb. 25	Order Overruling Motions to Limit Scope of Examination & Order Deposition Witnesses to Testify (Knapp, Raney, Leathers).
Feb. 25	Proof of Mailing.
Feb. 25	Notice by Pltfs of Taking Additional Depositions & Proof of Service.
Mar. 1	All pending Motions adjourned to April 12, 1954--Lederle, J.
Mar. 12	Appearance Charles H. King for Geo. J. Huber.
Mar. 23	Answer of Pltfs to Counter-Claim of Monroe Paper.
Mar. 25	Subpoena Returned Served on 2-26-54.
Apr. 7	Pltf's Motion to Compel Deposition Witnesses to Testify, etc.-- Noticed for April 12, 1954 at 2:00 p. m.
Apr. 9	D's Motion to Strike Allegations in P's Complaint--noticed April 12, 1954.
Apr. 12	All pending motions adj. to April 19, 1954 @ 2:00 p. m. -- Lederle, J.
Apr. 13	Notice of Taking Additional Depositions by Plaintiff and Proof of Service.
Apr. 15	Revised Notice of Taking Additional Depositions and Proof of Service.
Apr. 19	Motion to Limit Oral Examination to Written Interrogatories and also to Limit the Scope--noticed 4-26-54.
Apr. 19	Notice of Taking Additional Depositions & P/S by Deft Monroe Paper.
Apr. 19	All Motions adjourned to April 26, 1954 req Defts counsel.
Apr. 21	Petition for Temporary Restraining Order to Restrain & Enjoin Plaintiffs, etc.

Docket Entries

1954	
Apr. 22	Answer to Petition for Temporary Restraining Order by Plaintiffs--Appendix--Memo Brief.
Apr. 22	Notice of Taking Additional Depositions & Proof of Service.
Apr. 22	Notice of Taking Additional Depositions & Proof of Service.
Apr. 22	Notice of Taking Additional Depositions & Proof of Service.
Apr. 22	Bond filed by Plaintiffs $1000. 00.
Apr. 22	Notice to Produce Knapp & Raney & Proof of Service.
Apr. 22	Petition for Temporary Restraining Order etc. by Monroe Paper.
Apr. 22	Order Denying Petition for Temporary Restraining Order. --Lederle, J.
Apr. 22	Order granting Petition for Temporary Restraining Order--Plaintiff--Bond Ordered. --Lederle, J.
Apr. 22	Proof of Service.
Apr. 23	Answer to Request that Testimony of Deft. George E. Blum Be Restricted to Written Interrog.
Apr. 23	Deft. & Cross Pltf., Monroe Paper Products Company, Motion to Compel Witnesses to Testify Re Stock.
Apr. 26	Pltf's Response to Motion to Limit Discovery to written Interrog and to Limit Scope of Examination.
Apr. 26	Pltf's Motion to Compel Witnesses to Testify continued from day to day until depositions completed. --Lederle, J.
Apr. 26	Deft. Monroe Paper Products Motion to Compel Witnesses to Testify continued from day to day until depositions completed. --Lederle, J.
Apr. 26	Deft. Monroe Paper Products Motion to Limit Oral Exam to Written Interrog heard in part and continued without date pending outcome of present discovery proceedings. --Lederle, J.
Apr. 26	Order Overruling all Deft's motions to Dismiss. --Lederle, J

Docket Entries

1954

Apr. 26	Order Overruling Defendants' Knapp, Raney, Blum, Leathers & Sempliner's Motions to Strike Allegations--Lederle.
Apr. 26	Oral Motion by Defendants to Strike Allegations Re 1933 S.E.C. Act heard and submitted--Lederle.
Apr. 26	Oral Motion by Defts to have Additional Time to Answer Complaint Granted--Lederle.
Apr. 27	Depositions held further this date and Plaintiff's and Defendant's Motions to Compel Witnesses to Testify Continued to 4-28-54.
Apr. 29	Proof of Mailing.
May 3	Affidavit Re Plaintiff's Motion for Temporary Injunction--Lederle.
May 3	Present Temporary Injunction and Restraining Order to Expire May 5, 1954, and in lieu of said Order Plaintiff and Defendant Monroe Paper stip. and agree that ~~no stock~~ cert. will be transferred--Lederle.
May 7	P's Proof of Service Re Pltf's Affidavit Re Pltf's Motion for Temporary Injunction.
May 11	Notice of Taking Additional Depositions by Defts.
May 12	Defendant's Petition for Order for Taking Discovery Deposit.
May 12	Order for the Taking of Depositions--Lederle, J.
May 13	Proof of Service.
May 20	Amended and Supplemental Complaint.
May 20	Notice of Taking Depositions.
June 8	Motion by Defts Knapp, Raney, Blum, Leathers & Sempliner to Strike P's Amended & Supplemental Complt Noticed for June 14, 1954 at 2.
June 14	Order Overruling Motion to Strike Plaintiff's Amended & Supplemented Bill of Complt and Proof of mailing--Lederle.
June 16	Answer Defendants Knapp, Raney, etc.

Docket Entries

1954	
June 16	Answer Defendant Huber.
June 23	Depositions--Kirk, Griswold & Banta.
June 26	Answer Defts Knapp, Raney, etc.
June 29	Answer of Deft Monroe Paper Products.
July 8	Amended Answer & Counter-Claim Knapp, Raney, etc.
July 7	Demand for Jury Trial Knapp, Raney et al.
July 14	Answer to Counter-Claim of Monroe Paper Products.
July 14	Answer to Counter-Claim of Knapp, Raney et al.
July 31	Order for Hearing on August 30, 1954, at 2.--Lederle, J.
Aug. 13	Motion to Amend Answer by Knapp, Raney, Blum. Retrial for August 23, 1954.
Aug. 13	Notice of Taking Additional Depositions by Pltf. and Pls.
Aug. 21	Order Granting Leave to file Amended Answer.--Lederle, J.
Aug. 21	Amended Answer of Defts. Knapp, Raney, Blum, Leathers and Sempliner and Counter Claim.
Aug. 23	Amended Answer to Amended Counter Claim of Defts. Knapp, Raney and Blum.
Aug. 25	Notice of Taking Additional Deposition.
Aug. 30	Pre Trial adjourned to September 20, 1954, req. all counsel.--Lederle, J.
Sept. 1	Notice of Taking Additional Depositions and Proof Service.--Lederle, J.
Sept. 13	Order Providing for Delayed Annual Meeting of Stockholders.--Lederle, J.
Sept. 17	Appearance of Counsel for Knapp, Raney, Blum, Leathers and Sempliner.--Lederle, J.
Sept. 20	Pre Trial heard in part and continued to October 25, 1954 at 3.--Lederle, J.

Docket Entries

1954	
Sept. 20	Pls. Motions for Partial Summary and Notice of Hearing for October 4, 1954.
Sept. 20	Notice of Taking Additional Depositions--Affed. of Service.
Sept. 21	Proof of Service of Notice of Resumption of Depositions.
Sept. 21	Proof of Service of Pltf's. Motion for Partial Summary Judg.
Sept. 22	Motion to Quash Subpoena Raney & Monroe Paper Products, Noticed for September 27, 1954, at 2.
Sept. 27	Motion to Quash Subpoena heard in part and continued from day to day until depositions are completed. --Lederle, J.
Sept. 28	Order for Trial on October 12, 1954, at 9:30 a. m. --Lederle, J.
Oct. 8	Motion for Jury Trial, Precedence and Notice of Hearing on October 12, 1954 at 10:00 a. m. by Knapp, Raney, Blum.
Oct. 8	Motion to Dismiss by Knapp, Raney, Blum, Leathers, and Sempliner, only, and Affidavit in Support--Noticed for October 12, 1954.
Oct. 8	Affidavit of Merit by Knapp, Raney, Blum, Leathers, and Sempliner.
Oct. 11	Motion to Add Charles E. Feinberg as Party, Noticed 10-12-54.
Oct. 11	Amendment to Plaintiffs Motion for Partial Summary Judg.
Oct. 8	Proof of Service of Annotated Findings of Fact.
Oct. 8	Deposition of Sandroff.
Oct. 11	Affidavit Opposing Motion to Dismiss by Pltf. Counsel.
Oct. 12	Affidavit in Support of Motion to Make Charles Feinberg Cross-Deft.
Oct. 11	Proof of Service of Findings of Fact by Plaintiff.
Oct. 11	Deposition of: Louis F. Brandely of Waterbury, Connecticut.
Oct. 12	Appearance.

Docket Entries

1954		
Oct.	12	Trial by Court Commenced; Opening Arguments of Counsel heard in part and continued to October 13, 1954. --Lederle, J.
Oct.	12	Proof of Service.
Oct.	13	Trial held further; opening statements of Counsel held further & continued to October 14, 1954 @ 10:00 a.m. --Lederle, J.
Oct.	14	Trial held further, opening statements held further & continued to October 15, 1954 @ 9:30. --Lederle, J.
Oct.	14	Proof of Service.
Oct.	14	Proof of Service.
Oct.	15	Proof of Mailing.
Oct.	15	Trial held further, opening statements heard further & continued to October 26, 1954 @ 9:30. --Lederle, J.
Oct.	26	Trial by Court held further and continued to October 27, 1954. -- Lederle, J.
Oct.	27	Trial by Court held further and continued to October 28, 1954. -- Lederle, J.
Oct.	28	Trial by Court held further and continued to October 29, 1954. -- Lederle, J.
Oct.	29	Trial adjourned to November 2, 1954 @ 9:30. --Lederle, J.
Nov.	2	Trial held further cont'd to November 3, 1954 @ 9:30. -- Lederle, J.
Nov.	3	Plaintiff's Motion to Dismiss Counterclaims.
Nov.	3	Trial held further & cont'd to November 4, 1954. --Lederle, J.
Nov.	4	Trial held further & cont'd to November 5, 1954. --Lederle, J.
Nov.	5	Affidavit of Leo Boudinet.
Nov.	5	Affidavit Re Counterclaims.
Nov.	5	Trial held further & cont'd to November 9, 1954. --Lederle, J.
Nov.	9	Order granting application to withdraw. --Lederle, J.

Docket Entries

1954	
Nov 9	Trial held further & cont'd to November 10, 1954. --Lederle, J.
Nov. 10	Trial held further & cont'd to November 12, 1954. --Lederle, J.
Nov. 10	Proof of Mailing.
Nov. 12	Trial held further & cont'd to November 16, 1954. --Lederle, J.
Nov. 16	Trial held further & cont'd to November 18, 1954. --Lederle, J.
Nov. 18	Trial held further & cont'd to November 19, 1954. --Lederle, J.
Nov. 19	Trial held further & cont'd to November 23, 1954. --Lederle, J.
Nov. 23	Trial held further & cont'd to November 24, 1954 @ 9:30 a.m. --Lederle, J.
Nov. 24	Trial held further and cont'd to November 26, 1954 at 10:00 a.m. --Lederle, J.
Nov. 26	Trial held further and cont'd to November 29, 1954, at 9:00 a.m. --Lederle, J.
Nov. 29	Trial held further and cont'd to November 30, 1954, at 9:30 a.m. --Lederle, J.
Nov. 30	Trial held further and continued to December 1, 1954, at 9:30 a.m. --Lederle, J.
Dec. 1	Trial held further and cont'd to Dec. 7, 1954. --Lederle, J.
Dec. 7	Trial held further and cont'd to Dec. 8 at 9:00 a.m. --Lederle, J.
Dec. 8	Trial held further and cont'd to December 9, 1954 at 9:30 a.m. --Lederle, J.
Dec. 9	Order Designation C.P.A. Johnson etc. --Lederle, J.
Dec. 9	Trial held further and cont'd to December 10, 1954. --Lederle, J.
Dec. 10	Trial held further and cont'd to December 14, 1954. --Lederle, J.
Dec. 14	Trial held further and cont'd to December 15, 1954, at 2. --Lederle, J.

Docket Entries

1954	
Dec. 15	Trial held further and cont'd to December 17, 1954, at 2.--Lederle, J.
Dec. 16	Proof of mailing.
Dec. 17	Trial held further and cont'd to December 21, 1954, at 2.--Lederle, J.
Dec. 21	Trial held further and cont'd to December 22, 1954, at 9:30 a.m.--Lederle, J.
Dec. 22	Trial held further and cont'd to December 28, 1954, at 9:30 a.m.--Lederle, J.
Dec. 28	Trial held further and cont'd to December 29, 1954, at 9:30 a.m.--Lederle, J.
Dec. 29	Trial held further and cont'd to December 30, 1954, at 9:30 a.m.--Lederle, J.
Dec. 30	Trial held further and cont'd to December 31, 1954, at 9:30 a.m.--Lederle, J.
Dec. 31	Trial held further and cont'd to January 4, 1955 at 9:30.--Lederle, J.
1955	
Jan. 4	Trial held further and cont'd to January 5, 1955 at 9:30.
Jan. 5	Trial held further and cont'd to January 6, 1955 at 9:30.--Lederle, J.
Jan. 6	Order Re Accountant.--Lederle, J.
Jan. 6	Trial held further and cont'd to January 7, 1955 at 9:30.--Lederle, J.
Jan. 7	Trial held further and cont'd to January 12, 1955 at 9:30.--Lederle, J.
Jan. 12	Trial held further and cont'd to January 13, 1955 at 9:30.--Lederle, J.
Jan. 13	Trial held further and cont'd to January 14, 1955 at 9:30 a.m.--Lederle, J.

Docket Entries

1955

Jan.	14	Trial held further and cont'd to January 19, 1955 at 9:30 a.m.--Lederle, J.
Jan.	19	Trial held further and cont'd to January 20, 1955 at 9:30 a.m.--Lederle, J.
Jan.	20	Trial held further and cont'd to January 21, 1955 at 9:30 a.m.--Lederle, J.
Jan.	21	Trial held further and cont'd to January 26, 1955 at 9:30 a.m.--Lederle, J.
Jan.	26	Trial held further and cont'd to January 27, 1955 at 9:30 a.m.--Lederle, J.
Jan.	27	Trial held further and cont'd to January 28, 1955 at 9:30 a.m.--Lederle, J.
Jan.	28	Trial held further and cont'd to February 2, 1955 at 9:30 a.m.--Lederle, J.
Feb.	2	Trial adjourned to Feb. 3, 1955 req. all concerned.--Lederle, J.
Feb.	3	Trial held further & cont'd to Feb. 4, 1955.--Lederle, J.
Feb.	4	Trial held further & cont'd to Feb. 9, 1955.--Lederle, J.
Feb.	7	Return on subpoena to Rakow, served 2-7-55.
Feb.	9	Order appointing amicus cruiae, Frank H. Boos.--Lederle, J.
Feb.	9	Trial held further & cont'd to 2-10-55 @ 9:30.--Lederle, J.
Feb.	10	Motion to quash subpoena issued against Edward H. Rakow, an employee of the U. S. Sec. noticed 2-10-55.
Feb.	10	Trial held further and cont'd to February 11, 1955, hrg. on motion of S.E.C. held in part and cont'd to February 11, 1955.
Feb.	11	Trial held further and cont'd to February 15, 1955, hrg. on motion held further & held in abeyance until February 24, 1955 @ 9:30 a.m.--Lederle, J.
Feb.	15	Trial held further & continued to February 17, 1955 @ 9:30 a.m.
Feb.	17	Return of subpoena to Holefca & Assoc.

1955	
Feb. 17	Trial held further and continued to March 2, 1955 @ 9:30 a.m. --Lederle, J.
Mar. 1	Return of subpoena, served on Rakow on or about Dec. 28, 1954.
Mar. 1	Trial held further & cont'd to 3-2-55. --Lederle, J.
Mar. 2	Order adjudicating Wm. H. Timbers, General Counsel S. E. C. Guilty of Contempt of Court, and True Copy of Tender of S. E. C. --Lederle, J.
Mar. 2	Trial held further and cont'd to 3-3-55. --Lederle, J.
Mar. 2	Appearance of Wm. Timbers, Per Se.
Mar. 2	Notice of Appeal of William H. Timbers filed.
Mar. 3	Proof of Mailing of Notice of Appeal of Wm. Timbers.
Mar. 3	Trial held further and cont'd to March 4, 1955. --Lederle, J.
Mar. 4	Trial held further and cont'd to March 8, 1955 @ 9:30. --Lederle, J.
Mar. 4	Letter to Wm. H. Timbers, Gen'l Counsel, Re Appeal Fees from Clerk.
Mar. 4	Cert. Copy of C. A. of Stay Order filed and entered, Simons, C. J.
Mar. 7	Notice of Appeal of U. S. Securities & Exchange Commission and William H. Timbers filed.
Mar. 8	Trial held further and cont'd to March 9.
Mar. 9	Trial held further and cont'd to March 10.
Mar. 10	Trial held further and cont'd to March 11.
Mar. 10	Return of cir. crt. on amended stay order.
Mar. 11	Trial held further and cont'd to March 16.
Mar. 14	Letter of Wm. H. Timbers re appeal filed.
Mar. 14	Notice of appeal of U. S. Securities and Exchange Commission filed.

Docket Entries

1955	
Mar. 14	Proof of mailing filed.
Mar. 16	Trial held further and cont'd to March 17.
Mar. 17	Trial held further and cont'd to March 18.
Mar. 18	Trial held further and cont'd to March 22.
Mar. 22	Trial held further and cont'd to March 23.
Mar. 23	Trial held further. Both sides rest; argument of counsel heard in part, and cont'd to March 29, 9:30.
Mar. 23	Notice of appeal of U. S. Securities and Exchange Commission.
Mar. 23	Proof of mailing of notice of appeal.
Mar. 29	Arguments held further and cont'd to March 30, 1955.
Mar. 30	Arguments held further and cont'd to March 31, 1955.
Mar. 31	Arguments held further and cont'd to April 1, 1955 @ 10:00 a. m.
Apr. 1	Arguments held further and cont'd to Apr. 6, 1955.
Apr. 6	Arguments held further and cont'd to April 13, 1955.
Apr. 7	File, Transcript and Exhibits of Voting Trustees and S. E. C. to C. C. A. for 6th Circuit.
Apr. 7	Plaintiffs' motion to file supplement to amended and Supplemented complt, Notice/P/S -
Apr. 12	Defts' Answer to Motion for Leave to File Amended and Supplemental Complaint.
Apr. 13	Arguments held further and continued to April 14, 1955 @ 10.
Apr. 14	Arguments held further and continued to April 15, 1955.
Apr. 19	Arguments held further and continued to April 26, 1955.
Apr. 27	Arguments held further and continued to May 3, 1955 Testimony to be reopened as to Huber.
May 3	Order granting Plaintiffs' Motion to File Supplemental to Amended and Supplemented Complaint.

Docket Entries

1955		
May	3	Trial testimony of Defendant Huber held in part and continued to May 4, 1955, Arguments of Counsel to be held further on May 4, 1955 at 11:00 a. m.
May	4	Trial held further and cont'd to May 6, 1955.
May	4	Order Vacating Order Providing For Delayed Annual Meeting.
May	5	Proof of Service of Order granting Plaintiffs' Motion to File Supplement to Amended & Supplemented Complaint.
May	6	Return of subpoena on Monroe State Savings Bank and Leo Boudinet, served 5-5-55.
May	6	Appearance of John Beck as Counsel for witness Boudinet.
May	6	Trial held further and continued to May 12, 1955.
May	12	Trial held further and continued to May 13, 1955.
May	13	Supplement and amended complaint.
May	13	Defendant voting Trustees' Answer to Supplement amended and Supplemental Complaint.
May	13	Trial held further and continued to June 2, 1955 at 9:30 a. m
May	13	Proof of Service of Notice of Filing Supplemental Complaint.
May	16	Motion of Defendant Huber to Dismiss, Findings of Fact, Conclusions of Law.
May	31	Ind. Defendants Knapp, Raney, Blum, Leathers and Sempliner Answer to Supplement, Amended and Supplemental Complaint.
June	2	Trial held further and continued until after October 1, 1955.
Aug.	4	Findings of Fact and Conclusions of Law in re Partial Final Judgment in accordance with Rule 54 (b).
Aug.	4	Judgment - (money & Injunction).
Aug.	5	Proof of Service.
Aug.	5	Proof of Mailing.
Aug.	5	Notice of Appeal filed.

Docket Entries

1955		
Aug.	5	Costs bond in $250.00 filed - National Surety Corporation.
Aug.	8	Proof of Mailing filed.
Aug.	5	Order correcting Errors in Findings of Fact and Conclusions of Law under 60(a).
Aug.	9	Order Correcting Errors in Judgment under 60(a).
Aug.	9	Proof of Mailing.
Aug.	12	Stay Order filed by Circuit Judge Simons.
Aug.	17	Supersedeas Bond filed by Defendants.
Aug.	17	Transcript filed - (11 Vol.).
Sept.	8	File mailed to C. A.
Sept.	9	Return on receipt of Appellate Court
Sept.	20	Order for trial on Dec. 30, 1955 @ 9:30 A. M. & P. M. Lederle, J.
Nov.	17	Mandate of Circuit Court filed.
Dec.	30	Trial adjourned without date - held pending determination of decision of C. A.
1956		
Aug.	24	Mandate of the Sixth Circuit Court of Appeals on first judgment - reversed.
Sept.	19	Plaintiffs' Requests for Admissions of Fact and Proof of Service.
Oct.	3	Order of reassignment filed and entered. Lederle, J. & Picard, J.
Oct.	22	Defts' answer to ptfs' request for admission of facts, filed.
Oct.	22	Defts' objections to requests for admission of facts, filed - Hearing Oct. 29.
Oct.	22	Defts' motion for security for costs, filed - Hearing Oct. 29/56.
Nov.	26	Affidavit of John P. Kinsey, filed.
Nov.	26	Hearing on motion for security for costs held in abeyance, objections to requests for admissions submitted. -- Picard, J.

1956	
Dec. 7	Deft's supplemental response to ptf's request for admission of facts, filed.
Dec. 10	Hearing on objections to requests for admissions adj. to Dec. 12/56. -- Picard, J.
Dec. 13	Hearing on objections to requests for admissions submitted.
Dec. 17	Motion of George J. Huber for summary judgment of no liability for money damages, filed - Hearing Jan. 7/57.
Dec. 31	Substitution of attorneys for defts., filed.
1957	
Jan. 2	Pft's motion to file amendment to amended and supplemented complaint filed. Hearing Jan. 7/57.
Jan. 3	Ptf's objections to motion of Huber for summary judgment and proof of service.
Jan. 4	Requests for admission of facts of Monroe Paper Products Co., filed.
Jan. 7	Transcript of Dec. 13/56, filed and returned.
Jan. 7	Motion to file amendment to amended and supplemented complaint heard and gr. Hearing on motion for summary judgment held in abeyance. Pre-trial had. -- Picard, J.
Jan. 18	Proof of service of ptf's answers to Monroe Paper Products Company's requests for admission of fact, filed.
Jan. 30	Complaint as amended and supplemented with proof of service filed.
Jan. 31	Order re: objections to ptf's request for admissions of fact filed and entered.
Feb. 4	Order amending order re: objections to requests for admissio of fact, filed and entered.
Feb. 7	Deft's further reply to request for admissions, filed.
Feb. 12	Motion of deft. George J. Huber to dismiss filed - Hearing Mar. 18/57.

1957	
Feb. 20	**Answer of deft. voting trustees to amended complaint filed.**
Feb. 25	**Answer of Monroe Paper Products Co., to complaint as amended and supplemented, filed.**
Mar. 11	**Additional requests for admission of facts of deft. Monroe Paper Products Co. filed.**
Mar. 15	**Answer of defts. Burton S. Knapp, et al., to second amended and supplemented complaint filed.**
Mar. 15	**Demand for jury trial of Burton S. Knapp, et al., filed.**
Mar. 18	**Order denying deft. Huber's motion to dismiss w/o prejudice filed & entered.**
Mar. 18	**Pre-trial hearing set for Apr. 15/57. Picard, J.**
Mar. 20	**Proof of service filed.**
Mar. 21	**Ptf's motion to enter order restricting jury trial filed.**
Mar. 25	**Motion to enter order restricting jury trial heard and submitted.**
Mar. 27	**Answer of Deft. George J. Huber to amended and supplemented complaint, filed.**
Mar. 28	**Ptf's motion to strike or restrict voting trustees' demand for jury trial filed - Hearing Apr. 1/57.**
Apr. 3	**Proof of service filed.**
Apr. 10	**Answer to second amended counterclaim of defts. Knapp, et al., filed.**
Apr. 22	**Pre-trial had. -- Picard, J.**
Apr. 29	**Pre-trial adj. w/o date. -- Picard, J.**
June 12	**Ptf's motion for summary judgment as to the voting trust filed - Hearing June 24/57.**
June 19	**Affidavit of Burton S. Knapp, et al., filed.**
June 24	**Request for admissions, filed.**
June 26	**Hearing on motion for summary judgment (Held in Bay City) submitted. -- Picard, J.**

Docket Entries

1957	
July 5	Affidavit of John P. Kinsey in support of Ptf's motion for summary judgment, filed.
July 19	Proof of service and ptf's answers to deft. voting trustees request for admissions, filed.
July 22	Ptf's interrogatories with proof of service filed.
July 30	Opinion of the Court filed and entered. -- Picard, J.
Aug. 1	Order correcting errors in findings of fact, conclusions of law and decision filed and entered. -- Picard, J.
Aug. 1	Partial final judgment filed and entered. -- Picard, J.
Aug. 1	Motion for supersedeas etc. on Aug. 1, 1957 filed.
Aug. 1	Order denying motion for supersedeas and stay filed and entered. -- Picard, J.
Aug. 2	Notice of appeal filed.
Aug. 2	Proof of mailing filed.
Aug. 5	Proof of service of Order correcting errors in findings of fact, etc. and order denying motion for supersedeas and stay, filed.
Aug. 5	Proof of service of notice of entry of partial final judgment filed.
Aug. 5	Defendant voting trustees' answer to pltfs' requests for admissions etc. filed.
Aug. 6	Ptf's cross appeal filed.
Aug. 6	Cost bond on appeal in $250.00 filed - American Bonding Co., of Baltimore, filed.
Aug. 7	Proof of mailing filed.
Aug. 9	Certified copy of Order granting stay of proceedings pending appeal and fixing amount of supersedeas bond filed.- Simons, C. J.
Aug. 9	Supersedeas bond in the amount of $100,000.00 filed - Seaboard Surety Co. surety.
Aug. 12	Transcript of June 26, 1957 filed.

PLAINTIFFS' REQUESTS FOR ADMISSIONS OF FACT

(Served September 18, 1956)

Pursuant to Rule 36, Federal Rules of Civil Procedure, plaintiffs request individual defendants prior to October 22, 1956 to admit: (1)

1. At the commencement of the action herein plaintiffs Kinsey and Kunkel were, and they have continued to be, citizens of the State of Connecticut, and plaintiff Waterbury was, and it has continued to be, a corporation organized and existing under the laws of Connecticut and a citizen of that state.

2. At the commencement of the action herein each of defendants Knapp, Raney, Blum, Leathers, Sempliner and Huber was, and each has continued to be, a citizen of the State of Michigan and a resident of the Eastern District of Michigan, Southern Division.

3. At the commencement of the action herein defendant Monroe was, and since its incorporation as a Michigan corporation in March, 1920, has continued to be, a citizen of the State of Michigan, engaged in the business of manufacturing, supplying and selling paper and paper container products with its principal office and place of business in Monroe, Eastern District of Michigan, Southern Division.

4. The amount and value of the matter in controversy, both derivatively and individually, exceeds the sum of $3,000 exclusive of interests and costs.

---

(1) Plaintiff Waterbury Corrugated Container Corporation is sometimes referred to as "Waterbury", defendant Monroe Paper Products Company as "Monroe" or as the "Company" and individual plaintiffs and defendants by their last names.

5. A portion of the matter in controversy, both derivatively and individually, arises out of laws of the United States, i. e. the Sherman Anti-Trust Act (15 USC §§ 1-7), The Clayton Act (15 USC §§ 12-27), the Securities Act of 1933 (15 USC §§ 77a-77aa), and the Securities Exchange Act of 1934 (15 USC §§ 78a-78jj).

6. For upwards of ten years Monroe has been and continues to be, the smallest of three companies located in or about Monroe, Michigan engaged in the business of manufacturing, supplying and selling paper and paper container products.

7. The authorized and outstanding stock of Monroe on June 7, 1941 was 212,150 shares of $1 par value common stock, of which 2060-1/2 shares had been repurchased by, and were held in the treasury of, said company. By August 1, 1952, and pursuant to successive corporate resolutions or resolutions of ratification and the purchase and retirement of stock thereunder, the total authorized and outstanding stock was reduced to 1~~90,~~000 shares. Between August 1, 1952 and June 1, 1953 3329 shares were acquired by, and are held by, Monroe, leaving 186,671 shares held by the public.

8. For upwards of ten years prior to his death on March 10, 1953, Alex J. Groesbeck was Monroe's president, one of its directors and its largest stockholder.

* * *

11. On December 15, 1952 Monroe had approximately 550 shareholders.

12. Since 1944 Monroe's fiscal year has ended on June 30 and its annual meetings of stockholders have taken place in the last week

of September, except that since September, 1953 there has been no meeting of stockholders.

13. The following accurred at meetings of Monroe's stockholders or directors in respect to the purchase of its shares for retirement:

(a) Directors Meeting, June 7, 1941

> "Mr. Raney also reported * * * that stock of the Company purchased in 1941 amounts to 1667 shares, at a cost of $3,724.94; that the Company now holds Treasury stock totaling 2460-1/2 shares, at a cost of $5,748.04."

(b) Directors Meeting, December 5, 1941

> "General Manager Raney reported * * * that under the general policy approved by the Board of Directors, that the company had purchased 5,486 shares of the company's common stock, ranging in price from $2.25 to $3.00. It was unanimously resolved that the General Manager of the company be authorized to purchase stock of the company in an amount sufficient to reduce the total outstanding stock to an even 200,000 shares and to confirm and approve purchases of the company's stock made to date by the officers."

(c) Stockholders Meeting, September 10, 1946

> "Stockholder Rath asked the reason for the reduction of outstanding capital stock to 200,000 shares. The Chairman replied that the Directors felt that in reducing this outstanding stock to an even 200,000 shares which was purchased in small lots as offered to the public at the price 1-1/2 to 2-1/2, this increased the equity of the remaining stockholders. This stock was purchased as Treasury stock and no dividends paid on same."

(d) Directors Meeting April 11, 1951

> "The next item discussed was the purchase by the Company of 6,073 shares of Monroe Paper Products Company stock at a total of $27,554.35, or an average price of $4.53719 per share. Disposition of same was deferred until a later Directors Meeting."

(e) Directors Meeting September 26, 1951

"On motion of Mr. Knapp, supported by Mr. Grant, the purchase of 9864 shares of Company stock was unanimously approved -- the total cost being $51,564.76, or an average of $5.227 a share. This stock has been transferred to treasury stock, which reduces the total number of outstanding shares to 190,136."

(f) Stockholders Meeting, September 25, 1952

"The President reported that the outstanding stock of the Company had been reduced to approximately 190,000 shares and that there were 10,000 shares in the Treasury that ought to be retired. President Groesbeck further stated that he thought when shareholders offer stock for sale to the Company that the Company should be able to deal with them and that two Resolutions had been prepared to cover these matters.

"The following Resolution was then offered by Mr. Krave, seconded by Mr. Grant:

"'Resolved, that the action of the officers of the Company in purchasing ten thousand (10,000) shares of its capital stock for retirement purposes is approved, and said stock retired, without authority of the officers or directors of the Company to repurchase or continue the same as an asset of the corporation, thereby reducing the authorized capital stock from Three Hundred Thousand ($300,000.00) Dollars to One Hundred Ninety Thousand ($190,000.00) Dollars, represented by One Hundred Ninety Thousand (190,000) shares of One ($1.00) Dollar Par Value.'

"Adopted unanimously.

"Mr. Krave offered another Resolution, which was seconded by Mr. Feinberg, reading as follows:

"'Resolved, that the officers of this Company are herewith authorized to purchase on behalf of the Company not to exceed an additional ten thousand (10,000) shares of its stock at the market price if and when any of its stockholders are desirous of selling and voluntarily offer same for sale, thus affording, if they desire, a market for them at current prices.'

"This Resolution was unanimously adopted."

14. From the time of the passage of the September 25, 1952 resolution authorizing the Monroe's officers to purchase on its behalf an additional 10,000 shares of its stock until Groesbeck's death on March 10, 1953 Monroe's officers made no stock purchases except on behalf of Monroe.

15. Groesbeck's office purchased Monroe stock on Monroe's behalf in May, 1953 after Groesbeck's death.

16. Since Groesbeck's death individual defendants have made no effort to purchase, nor have they purchased any Monroe stock on behalf of Monroe or for its benefit.

17. By July 1, 1953, 3,329 shares had been purchased for Monroe under the September 25, 1952 resolution and the Company's total outstanding stock was thereby reduced to 186,671 shares.

18. The following occurred at meetings of stockholders or directors of Monroe in respect to rehabilitation, improvements and replacements of its plant and equipment:

(a) Stockholders Meeting September 10, 1946

> "Continuing with the President's report, Chairman Golden stated that the general condition of the Company's Plant has not been materially remedied as materials and equipment were not available for replacement and repairs and that any additions to the building had been deferred by the war. * * * "

(b) Directors Meeting September 10, 1946

> "President Groesbeck then discussed the matter of setting up a reserve for repairs and rehabilitation.
>
> "Director Raney reported that the Company needed additional more-efficient methods in the Power Plant, and that he had made an investigation of what was necessary to

be done, and that he had come to the conclusion that it was necessary, as soon as it could be procured, to install a high-pressure boiler with a topping turbine and that so far as he could ascertain, the cost of such installation would approximate $250,000.00; that the paper machines require extensive replacement and repairs, which were impossible to be made during the war period, and that this department also requires additional refining equipment, and that there were other repairs and rehabilitation necessary in the box department and in other parts of the plant, and that the estimated cost of these improvements and rehabilitation would exceed $50,000.00.

"Director Sempliner moved and was supported by Director Golden that the Company establish a reserve of $200,000 to be increased from time to time for the purpose of rehabilitation of the Plant equipment, building and machinery. Motion was duly put and unanimously carried.

"Director Golden suggested that Director Raney contact the CPA auditor, Mr. Moss, for the method of procedure for the setting up of the reserve in the Company's books."

(c) Waiver of Notice and Approval of Reserve Appropriation for Buildings and Equipment August 1, 1947

"We, the undersigned, being all of the directors of the Monroe Paper Products Company, do hereby waive the calling of a meeting of said Board and all notices relating to any such meeting, special or regular, and do hereby authorize, empower and direct the Vice President and General Manager of the Company, Charles E. Raney, to set up a reserve fund as of August 1st, 1947 and:

"WHEREAS, a large part of the buildings of the Company were constructed more than twenty years ago, and a good share of the equipment was purchased at or about that time; and

"WHEREAS, the building and equipment were used almost continuously seven days a week for twenty-four hours a day during the past six years; and

"WHEREAS, it was impossible to replace the buildings and equipment during the war years; and

"WHEREAS, the frame shipping building and dock burned on or about May of 1946, with resulting insurance payments to the Company of $19,174.44; and

"WHEREAS, in rebuilding said shipping building and dock it became necessary to enlarge the building operations and to construct two wings to the building, and to make other repairs to the buildings of the Company, at a cost of $166,546.76 to August 1, 1947; and

"WHEREAS, the Company has expended, during the past fiscal year, for repairs to machinery and equipment, for new machinery and replacements for repairs to the stoker, for repairs to buildings and for track adjustments, a total of $106,569.60; and

"WHEREAS, it now becomes necessary, and has been for the past year, to replace several of the buildings of the Company and a good deal of the equipment; and

"WHEREAS, on the 10th day of September, 1946, the Directors of the Company established a reserve of $200.000.00 to replace buildings and equipment; and

"WHEREAS, said reserve has been entirely exhausted, due to a large extent, because of increased cost of materials and labor;

"WHEREAS, it has been reported to the Board by the management that it will become necessary in the immediate future, to build a new beater room and paper stock storage room to replace the corrugated steel frame building now on the premises, at an estimated cost of $150,000.00, and to purchase new machinery and equipment, at an estimated cost of $150,000.00.

"NOW, THEREFORE, be it resolved that the reserve for the future purposes above set forth be and the same hereby is set up at the sum of $300,000.00."

(d) Waiver of Notice and Approval of Reserve Appropriation for Buildings and Equipment June 29, 1948

"We, the undersigned, being all of the directors of the Monroe Paper Products Company, do hereby waive the calling of a meeting of said Board and all notices relating to any such meeting, special or regular, and do hereby authorize, empower and direct the Vice President and General Manager of the Company, Charles E. Raney, to set up a reserve fund as of June 29th, 1948 and:

"WHEREAS, we have heretofore established reserves for rehabilitation of our plant and machinery and equipment, as follows:

"September 10, 1946	$200,000.00
"October 1, 1947	300,000.00
"March 18, 1948	43,000.00

"WHEREAS, the reserves of September 10th, 1946 and October 1st, 1947 have been fully expended for said purposes, and of the reserve of March 18th, 1948, $18,929.85 has been expended; and

"WHEREAS, on May 15th, 1948 we had a disastrous fire which destroyed one of our new buildings, considerable equipment and material, which loss we believe is fully covered by insurance; and

"WHEREAS, we believe it will be necessary during 1948 to spend further sums in excess of $200,000 for said purposes.

"NOW, THEREFORE, be it resolved that a reserve fund be established for rehabilitation of our plant, machinery and equipment, in the sum of $200,000 in addition to the balance remaining of the March 19th, 1948 reserve."

(e) Stockholders Meeting September 27, 1950

"Your Company's policy of attempting at all times to remain in a competitive position is indicated by the fact that during the fiscal year of 1949-1950, we expended $146,000 in the modernization of plant equipment. Among the improvements is the paper machine adjacent to the box factory and this paper machine entirely utilizes our box factory waste for the manufacture of corrugated paper for our boxes. You are all welcome to visit the Plant after the meeting to see this operation.

"We have contracted for $50,000 in new machinery which will result in more efficient operations."

(f) Directors Meeting October 4, 1950

"First on the agenda, was consideration of a 2,000 KW Elliott Turbo-Generator from the City of Garrett, Indiana and Mr. P. Van de Bunt, whom the City Attorney of Garrett, Indiana had advised would handle all negotiations and sale of this equipment, entered the Meeting and described the Turbo-Generator to the Directors and also the terms of sale. He stated that the equipment had been originally purchased by City of Garrett, Indiana at $120,000, that it had been operated by them for a period of a little over two years, was in excellent condition as had been reported to us by the Elliott engineer who had inspected same and that the City of Garrett had given Mr. Van de Bunt the option on same. Mr. Van de Bunt informed the Directors that the equipment was offered at $68,000 on the foundation at Garrett, Indiana or at $73,000 delivered to our Plant, Monroe. * * *

"Director Grant moved and was supported by Director Feinberg that the Company negotiate a contract for the purchase of a turbine delivered to our Plant at Monroe for $73,000 and that all equipment connected with it be included at this price and that the contract be immediately submitted by the City of Garrett and that this contract be checked by Attorney Thomas E. Griffin. Motion was put and carried unanimously."

(g) Stockholders Meeting September 26, 1951

"Vice-President Charles E. Raney addressed the Stockholders as follows:

* * *

"Also during the past fiscal year, the Company expended $351,710.29 for additions and improvements which cover new machinery, buildings and delivery equipment. We have installed a new steam turbine which started operating in July of this year. This turbine eliminates the use of our older engines and, most important, it has brought us very material savings in coal consumption. With the old equipment, it was necessary to operate three boilers but now we operate only two boilers, holding two in reserve. We are very proud of our Power Plant as a whole and are realizing very favorable results from our expenditures. We have also installed new dust collectors on all boilers to comply with the City Ordinance and this equipment eliminates the fly-ash condition.

"We are constantly realizing the benefits of our plant expenditures. Our new Refining System will be in operation within the next ten days, affording the production of a Machine which, in turn, will give us increased production. We are in the process of rebuilding a small Paper Machine that was badly damaged by fire and, when this machine is in operation, we will have still greater capacity."

(h) Directors Meeting November 6, 1951

"A statement of Estimated Additions to Machinery and Equipment, calling for an expenditure of approximately $120,790 during the fiscal year, July 1, 1951 to June 30, 1952, was presented to the meeting by Mr. Raney.

"Mr. Raney stated that he had ordered a new switchboard for the Power Plant, to replace the present thirty-year old apparatus. He also asked approval of the purchase of a printer-slotter machine recently installed in the Box Factory to increase its productive capacity."

(i) Stockholders Meeting September 25, 1952

"Mr. Raney addressed the meeting:

* * *

"We are constantly striving to reduce costs in order to meet increased wage demands and it is necessary to make expenditures for modern equipment to give an equitable return to the stockholders."

* * *

"We expended $197,659 for additions and improvements. The expenditures in the power plant have brought us a very substantial saving, mainly due to our new turbine which has reduced coal consumption very considerably. We are now in the process of installing natural gas for boiler fuel from which we anticipate further savings. The contract gas rate is the same as the b.t.u. cost of coal and there are other advantages to be realized from gas, such as: higher boiler efficiency, complete elimination of fly ash, elimination of a large investment in coal storage and definite labor savings. We are, however, still retaining two coal fired boilers for emergency purposes.

"Our new Refining System is now in operation, affording some labor savings and better and larger volume of refined pulp for the paper machine. The small paper machine, badly damaged by fire in 1948, has been rebuilt and is now in operation."

* * *

"President Groesbeck then requested General Manager Raney to read to the stockholders the list of estimated future expenditures for the new fiscal year.

"Mr. Raney informed the stockholders that the estimated future expenditures for the new fiscal year amounted to approximately $148,000 and covered the following items:

> paper machine screens, paper machine blower system, pumps for the paper machine, new air system for the paper machine, pumphouse screens, gas conversion and a new office building. He also stated that emergency replacements were not included in the estimated figure.
>
> "President Groesbeck asked the stockholders to give some expression as to whether they would prefer an increase in dividends or whether they would prefer that the Officers proceed with the improvements as reported by Mr. Raney.
>
> "Mr. Knapp replied that this Company had indeed been fortunate to operate so long with machinery that is practically obsolete. He stated that the improvements should be made as labor saving devices produce increased income which finally results in increased dividends.
>
> "Mr. Boudinet then took the floor and said that the Company had to have the improvements in order to remain competitive and that it was impossible to meet competition with out-of-date machinery. Mr. Boudinet continued, 'I put this in the form of a recommendation that the improvements that the Board contemplates, as read by Mr. Raney, be made during the ensuing year.' this recommendation was seconded by Mr. Emanuel Itchner and unanimously approved by the stockholders."

19. The estimated future expenditures totalling $148,000 and referred to by Raney in the stockholders meeting of September 25, 1952 consisted of the items listed on a written "Estimate of Future Expenditures" prepared by Raney on September 8, 1952, exclusive of the following item:

> "Replace Wooden Floor with Steel Beams and Concrete (Approximately 25,000 Square Feet between New Building and Paper Mill. Definite Fire Hazard.) $100,000."

20. The wooden floor referred to in Request 19, ante, has not yet been replaced.

21. For the years since 1941, Monroe's annual reports show inventory, net sales, earnings before income tax, net earnings, tons shipped, profit per ton before taxes, dividends, depreciation provision, replacements and additions to plant and equipment and repairs as set forth in the chart appearing at page 31b, post.

* * *

22. The figures shown in the "Replacement And Additions To Plant And Equipment" column in Request 21, ante include purchases of all items of plant and equipment having a useful life of more than one year.

23. On a per share basis the dividends paid by Monroe for the years 1949 through 1956 were:

Year Ended	
6/30/49	Total 50 cents (first and third quarters 15 cents each and second and fourth quarters 10 cents each.)
6/30/50	Total 10 cents, declared for the third quarter.
6/30/51	Total 16 cents, declared for the third quarter.
6/30/52	Total 44 cents, (10 cents for each of the first, third and fourth quarters, and 14 cents in the second quarter.)
6/30/53	Total 40 cents (10 cents for each quarter.)
6/30/54	Total $1 (10 cents for first quarter, 20 cents for second quarter, 15 cents for each of the third and fourth quarters and extra 40 cents declared October 13, 1953, payable January 15, 1954.)
6/30/55	Total 45 cents (15 cents for first, second and third quarters.)
6/30/56	Total none.

24. On March 10, 1953 at the time of Groesbeck's death Groesbeck was the President, Raney the Vice-President and General Manager, and Blum the Secretary Treasurer, of Monroe.

25. At the time of Groesbeck's death Monroe's By-Laws provided, as they still do, for a board of eight directors.

26. At the time of Groesbeck's death Monroe's Board of Directors consisted of Groesbeck, Knapp, Raney, Blum, Leathers, Hugo Krave, Harry Grant and Charles E. Feinberg.

27. Upon Groesbeck's death Raney and Blum constituted all of Monroe's remaining officers.

28. Upon Groesbeck's death Knapp, Raney, Blum and Leathers constituted four of the remaining seven members of Monroe's Board of Directors.

* * *

30. Groesbeck died intestate. Proceedings for probate of his estate were promptly instituted in the Probate Court for Wayne County and Hugo Krave and Margaret Simmons were appointed fiduciaries of his estate. Groesbeck's heirs were his brothers, Louis and Clarence, and his sister Adele Groesbeck. His estate consisted, in part, of 32814-1/2 shares of Monroe stock. On April 10, 1953 Joseph A. Moynihan, Jr. of Detroit, entered his appearance in the probate proceeding as attorney for the sister.

* * *

32. Kaess and Moynihan were in 1953, and are, very close friends.

* * *

35. Subsequent to the dinner discussion referred to in request 34, ante, Raney contacted Moynihan and requested his views as to whether or not the Groesbeck estate or heirs intended to put the estate's Monroe stock on the market.

36. In response to the request referred to in request 35, ante, Moynihan indicated that as an attorney of record he would be notified of any attempt to sell the Groesbeck estate's Monroe stock and that the heirs could not sell, absent partial distribution.

37. On June 15, 1953 Raney caused 50 shares of Monroe stock to be transferred into Moynihan's name from Jack Hattner, a Toledo, Ohio stockholder.

38. Up to the time Moynihan testified as a witness on May 13, 1955, he had paid nothing for the Hattner stock but had collected all dividends on it and had deposited the stock under the voting trust.

39. Up to this time Moynihan has not paid for the Hattner stock.

* * *

41. At the time of the transfer of the Hattner stock to Moynihan both Raney and Moynihan knew of the September, 1952 resolution authorizing purchases of Monroe stock on behalf of Monroe.

* * *

44. On June 23 and on June 24, 1953 Moynihan went to Monroe and conferred with Knapp, Raney, Blum and Leathers. On June 23 and June 24, 1953 Knapp, Raney, Blum and Leathers offered Moynihan, and he agreed to accept, a directorship in Monroe to fill the Groesbeck vacancy.

* * *

47. At Monroe's directors' meeting on June 26, 1953 Moynihan was unanimously elected director and Knapp president after Margaret Simmons and Hugo Krave had been defeated for the respective offices by the votes of Knapp, Raney, Blum and Leathers.

48. At the time of his election as president, Knapp was:

(a) 72 years old.

(b) A retired farmer.

(c) Without experience in business.

(d) Without experience in the paper business.

(e) An original stockholder of Monroe.

(f) Well known to the local residents and stockholders.

* * *

52. On or about July 9, 1953 Raney purchased 124 shares of Monroe stock at $7 per share.

53. Raney divided the 124 shares referred to in request 52, ante, between his secretary, Marion Guettler, and himself.

53(a). The 124 shares of stock purchased by Raney and Guettler were subsequently placed under the voting trust.

54. From about July 14 to July 23, 1953 Raney used Monroe's letterhead and employees and telephone and telegraph facilities paid for by Monroe in an effort to purchase the Louis Groesbeck 1/3 share of the Groesbeck estate stock on behalf of what Raney referred to as his "group".

* * *

56. On July 15, 1953, Vogel, a Detroit stockbroker, wrote to some but not all of the Monroe stockholders stating that he had a buying order for a limited number of shares and inquiring if they were interested in disposing of all or part of their holdings.

57. Knapp and Monroe employee Bennett received the Vogel letter. The contents of the letter came to the attention of Raney who discussed it with Knapp. The letter was also discussed with Blum and Leathers.

58. On July 17, 1953, using the Monroe letterhead, Knapp wrote a printed letter, deposition exhibit 7, to Monroe's stockholders stating that a 'minority group' was attempting to purchase stock to take over control and that if it were successful it would elect its own board and officers and requesting that before offering his stock for sale the stockholder contact company officers Knapp, Raney or Blum. The letter was signed by Monroe, per Knapp as President.

59. Moynihan was called to Monroe by Raney and helped draft Knapp's July 17 letter.

60. Blum, Leathers and Sempliner were consulted as to the

MONROE PAPER PRODUCTS COMPANY

Year Ended	Inventory	Net Sales	Earnings Before Income Tax	Net Earnings	Tons Shipped	Profit Per Ton Before Taxes	Dividends	Depreciation Provision	Replacements & Additions To Plant & Equipment	Repairs
12/31/41	$221,525	$1,962,330	$223,562	$115,989	32,854	$ 6.81	$31,233	$99,006	$77,128	$76,920
12/31/42	279,272	1,220,126	41,336	25 ,887	18,228	2.27	20,377	72,973	18,676	45,346
12/31/43	197,283	2,258,489	322,670	100,178	28,863	11.79	49,998	64,668	21,450	52,606
6/30/44 (6 mos.)	260,046	1,130,083	212,934	65,038	11,601	18.35	29,999	33,030	4,215	27,560
6/30/45	229,599	2,264,080	368,433	94,125	22,998	16.02	59,998	64,815	14,034	108,079
6/30/46	223,180	2,465,434	240,074	114,180	27,311	8.79	59,998	65,824	28,561	91,372
6/30/47	182,000	3,624,683	627,088	388,921	30,984	20.24	99,996	71,410	208,865	139,352
6/30/48	330,925	2,950,303	438,396	272,313	25,979	16.88	99,996	75,060	388,131	111,314
6/30/49	221,196	1,825,771	24,597	18,878	16,504	1.49	49,999	81,440	101,913*	72,245
6/30/50	237,905	2,306,672	95,979	60,134	22,641	4.24	19,999	86,261	146,045	83,393
6/30/51	234,006	5,090,993	525,897	227,716	32,756	16.05	77,997	117,806	381,710	169,140
6/30/52	221,172	3,657,365	556,922	212,195	20,291	27.45	76,012	148,697	197,639	144,309
6/30/53	261,179	3,379,087	449,485	193,694	21,445	20.96	93,903	158,154	94,134	148,085
6/30/54	502,235	2,959,608	193,712	130,212	19,343	10.01	186,668	153,607	68,842	81,299
6/30/55	499,790	3,273,279	92,417	50,566	20,929	4.42	84,000	152,107	17,807	78,537
6/30/56	604,477	2,847,661	(79,382)	(40,694)	17,398	(4.56)	—	154,349	50,129	87,683

*Excess over insurance recoveries.

drafting or mailing of Knapp's July 17, 1953 letter.

61. Neither Feinberg, Krave nor Grant were consulted as to the drafting or mailing of Knapp's July 17, 1953 letter.

* * *

63. The "minority group" referred to in Knapp's July 17, 1953 letter was the Groesbeck estate, a foundation with which Groesbeck had been connected, and directors Krave, Feinberg and Grant and their associates.

64. Knapp's July 17, 1953 letter was typed by Raney's secretary, Marion Guettler, and she and other employees of Monroe addressed and mailed the letter at Monroe's expense.

65. The printing of Knapp's July 17, 1953 letter was paid for by the Monroe.

* * *

67. On about July 21, 1953 Raney, Huber and Moynihan conferred with Detroit attorney Harold Love to see if any of his clients or associates would be interested in purchasing the Groesbeck estate's Monroe stock.

68. Love indicated that his clients might be interested at a desirable price, but that they would not want to be put in the position of minority shareholders.

69. At the Love conference a voting trust was mentioned.

70. Prior to the Love conference Huber had indicated to Bernard F. Kirby, Monroe's mill superintendent, that he was willing to purchase some of the Groesbeck estate's Monroe stock.

71. In July and August of 1953 Kirby purchased 362 shares of Monroe stock for his own account at $7.75 and $8.75 a share.

72(a). The 362 shares of stock purchased by Kirby were subsequently placed under the voting trust.

73. On July 29, 1953, the uncertified report for Monroe's year ending June 30, 1953, deposition exhibit 161, was furnished to Monroe's board.

74. On July 30, 1953, using Monroe's letterhead, Knapp sent a printed letter, deposition exhibit 8, to Monroe's stockholders.

75. Knapp's July 30, 1953 letter:

(a) Stated that Monroe expected to pay quarterly dividends in the future.

(b) Called attention to the fact that the dividend to be paid September 15, 1953 represented an increase of 50% over the dividend paid September 15, 1952.

(c) Stated that Monroe believed that 1953 would be a fine year for it.

(d) Was not clear as to whether the year 1953 referred to was a past or future period.

76. Directors Feinberg, Krave and Grant were not consulted as to the drafting or mailing of Knapp's July 30, 1953 letter.

77. Knapp's July 30, 1953 letter was typed, printed, addressed and mailed by employees of Monroe and at its expense.

78. At the August 18 and August 25, 1953 meetings of the board, directors Feinberg, Krave and Grant objected to Knapp's July 17 and July 30, 1953 letters, but Knapp, Raney, Blum, Leathers and Moynihan voted for and passed a resolution approving the same.

79. On about August 2, 1953 Raney discharged Thomas E. Griffin of Monroe who had been attorney for Monroe since 1941.

80. In late July or early August, 1953 Raney employed Detroit attorney Hugh Francis as Monroe's General Attorney.

81. Francis was a former Groesbeck associate.

82. Francis owned 1,000 shares of Monroe stock.

* * *

86. Until August 29, 1953 no disclosure that Francis had been consulted was made to the non-defendant directors.

87. At the meeting of Monroe's board on August 29, 1953 Francis informed Monroe's directors that he was not on a retainer basis as to Monroe affairs.

88. Francis rendered to Monroe his invoice dated August 29, 1953 charging Monroe $1,000 "retainer for legal services".

* * *

90. Francis was paid $1,000 of Monroe funds on September 9, 1953.

91. Payment of the $1,000 referred to in request 90, ante, was upon the okay of Raney.

* * *

93. On September 19, 1953 Francis was paid an additional $2,500 of Monroe funds.

94. The payment referred to in request 93, ante, was made:

(a) On Raney's okay.

(b) Without invoice from Francis.

(c) Without consideration or authorization of Monroe's board.

(d) Without consideration or authorization by Monroe's non-defendant directors.

(e) Without itemization of the services rendered.

(f) Without identification of the matters to which the services pertained.

95. On September 23, 1953 Francis invoiced Monroe for $2,500 for "legal services in full to date" without itemization of services or identification of matters to which they pertained.

96. In August, 1953 Francis gave Raney an oral opinion that Raney, as General Manager, had authority to do anything that Monroe's board had the power to ratify.

97. The opinion referred to in request 96, ante, was confirmed in writing by Francis on September 10, 1953.

98. On August 4, 1953 Raney signed a contract on behalf of Monroe for an appraisal by Lloyd Thomas Co. of Monroe's buildings, fixtures, machinery, equipment, furniture and other fixed assets (not including land) at a fixed cost of $4,500.

99. The contract referred to in request 98, ante, was entered into without the knowledge of Monroe's non-defendant directors.

100. Appraisals made by Lloyd Thomas Co. are almost entirely for insurance purposes.

* * *

102. The Lloyd Thomas representative who negotiated the contract with Raney was a sales representative.

103. The Lloyd Thomas representative who negotiated the contract with Raney was not an appraiser.

104. In negotiating the contract with Raney and estimating the time required to make the appraisal and the fee to be charged therefor the Lloyd Thomas representative walked around Monroe's plant for an hour or two.

105. After the Lloyd Thomas representative had walked around

Monroe's plant for an hour or two Raney asked what he thought the appraisal would be and the representative stated around $4,000,000.

106. On August 10, 1953 at Raney's request Lloyd Thomas Co. wrote Raney that the representative's estimate was in the neighborhood of $4,000,000 but when the field work was finished a revised estimate would be made.

* * *

109. At the August 18, 1953 directors' meeting a dispute arose between Knapp, Raney, Blum, Leathers and Moynihan and Krave, Grant and Feinberg as to the form of proxy to be submitted to the stockholders in connection with the annual meeting.

110. Krave suggested a form of proxy used in prior years.

111. On August 18, 1953 Moynihan consulted attorney Gerald Stoetzer of the Detroit Law firm, Clark, Klein, Brucker & Waples.

* * *

113. Clark, Klein, Brucker & Waples prepared a form of proxy naming Knapp, Raney, Blum and Leathers as proxies.

* * *

115. The form of proxy prepared by Clark, Klein, Brucker & Waples was that read by Moynihan at the August 25, 1953 board meeting.

116. At the August 25, 1953 board meeting, Krave, Feinberg and Grant objected to the Clark, Klein, Brucker & Waples form of proxy but Knapp, Raney, Blum, Leathers and Moynihan voted approval of it and defeated a motion that all of Monroe's directors be named in it as proxies.

117. At the August 25, 1953 board meeting Knapp stated that he and Raney "as individuals" had secured legal advice as to the forms of proxy and notice of meeting.

118. The forms of proxy and notice of meeting referred to by

Knapp at the August 25, 1953 board meeting were those which had been prepared by Clark, Klein, Brucker & Waples.

119. Payment to Clark, Klein, Brucker & Waples from Monroe funds was never submitted to or approved by Monroe's board.

* * *

123. On October 1, 1953 Clark, Klein, Brucker & Waples wrote Knapp a letter congratulating him and Raney, Blum and Leathers upon their re-election and referring to the concerted efforts in the solicitation of proxies for management.

124. On October 1, 1953 Clark, Klein, Brucker & Waples issued its invoice in the amount of $475.00 to Burton S. Knapp, President Monroe Paper Products.

125. On October 21, 1953 Knapp paid the Clark, Klein, Brucker & Waples invoice with his personal funds.

126. Between October 23, 1953 and November 10, 1953 Raney's secretary, Marion F. Guettler, requested that Clark, Klein, Brucker & Waples reinvoice the $475.00 to Monroe.

127. On November 10, 1953 Clark, Klein, Brucker & Waples reinvoiced the $475.00 to Monroe.

128. On November 12, 1953 $475.00 was paid to Clark, Klein, Brucker & Waples by Monroe's check.

129. Upon receiving the $475.00 referred to in request 128, ante, Clark, Klein, Brucker & Waples paid Knapp $475.00.

130. Neither Clark, Klein, Brucker & Waples nor Gerald Stoetzer prepared Knapp's September 5, 1953 letter to stockholders.

* * *

134. Prior to June 26, 1953 Dan C. Holefca, a pension

consultant, had designed for Monroe a proposed pension plan for use in labor union negotiations as to its hourly rated employees, and a proposed plan for Monroe's salaried and administrative employees.

135. About July 1, 1953 the labor union demanded a pension plan for the hourly employees.

136. In about July, 1953 Raney employed Holefca on an hourly basis to assist him in carrying on negotiations with the labor union.

137. In about mid-July or early August, 1953, Raney requested Holefca to join in the purchase of Monroe stock.

138. In connection with the request referred to in request 137, ante, Raney stated that he thought a group would have to raise money to keep the Groesbeck estate stock from getting into unfriendly hands.

139. Raney was at the time of his request to Holefca attempting to purchase the Louis Groesbeck stock.

140. Raney requested that Holefca purchase $10,000 of Monroe stock.

141. The insurance agent, as to the insurance required for each of the proposed hourly or salaried employees pension plans, could reasonably expect to receive commissions thereon in excess of $10,000.

* * *

143. Holefca delayed about a month in answering Raney's request.

144. Holefca's broker advised him against investing in Monroe stock.

* * *

146. In September, 1953 Holefca turned over to Raney $5,000 for the purchase of Monroe stock.

* * *

149. On August 24, 1953 Raney renewed discussions with Holefca as to pension plans for both the hourly and the salaried and administrative employees.

150. On August 28, 1953 Raney posted in Monroe's office a notice to the office employees that they would receive any pension that might be granted to the hourly employees.

* * *

153. The notice referred to in request 150, ante, was not authorized by Monroe's board.

154. At the meeting of Monroe's board on January 27, 1954 Monroe's non-defendant directors inquired as to the posting of the notice referred to in request 150, ante, and were then furnished with a copy of it.

155. On January 29, 1954 Raney posted a cancellation of the notice referred to in request 150, ante, stating that the directors had not approved.

* * *

157. The 500 shares of stock purchased with the $5,000 which Holefca turned over to Raney was deposited under the voting trust on about February 4, 1954.

158. On August 25, 1953 Raney requested defendant Sempliner to represent Monroe as to a request made by the teamsters union for a meeting to discuss their demands that drivers making trips to Avon, Ohio be paid the rate for that trip and not the rate for trips to Lorain, Ohio, that lunch hours not be deducted and that trip rates be revised if governors be used on the trucks.

* * *

160. At the time of his employment Sempliner owned 300 shares of Monroe stock and his mother owned 7,203 shares.

* * *

163. On or about October 7, 1953 Sempliner, Raney and Kirby met with the union's agent.

164. On October 9, 1953 Sempliner advised Raney that the union's demands should be complied with.

* * *

166. On April 8, 1954 directors Kinsey and Sempliner were appointed by Monroe's board to consult with Holefca as to a pension plan for the office and administrative employees.

167. When Holefca inquired of Sempliner as to whether he would draft the documents for the administrative plan Sempliner said that he would not.

* * *

170. On about September 9, 1954 Monroe received the invoice of the law offices of Stanton, Sempliner, Dewey & Knight for $1,225 services and $100 out-of-pocket expenses.

* * *

172. On September 22, 1954 Monroe delivered to Sempliner its check in the amount of $1,325 to order of Stanton, Sempliner, Dewey & Knight.

173. The check referred to in request 172, ante, was negotiated by Sempliner and the entire $1,325 was retained by him.

174. Francis participated in the drafting of the Proxy Statement which was approved by the votes of Knapp, Raney, Blum and Leathers at Monroe's August 29, 1953 board meeting.

175. Francis participated in the drafting of the President's Statement which was approved by the votes of Knapp, Raney, Blum and Leathers at Monroe's August 29, 1953 meeting.

176. During August, 1953 the Groesbeck estate stock, that of

the foundation, and of Krave, Grant, Feinberg and other Groesbeck associates was offered for sale.

* * *

179. In about the middle of August, 1953 at least three groups of prospective purchasers went through Monroe's plant.

180. Among the groups referred to in request 179, ante, were representatives of plaintiff Waterbury, representatives of General Box Company and representatives of National Container Corporation.

181. On September 2, 1953 a Monroe attorney, representing the Groesbeck estate, mailed a letter of that date to all stockholders of Monroe stating that:

> By letter to the stockholders, National was offering to purchase stock in Monroe Company at $10 per share, contingent upon obtaining, by September 21, 1953, a minimum of 55.6% of 186,000 shares outstanding, but also to purchase 90 to 100% of the stock at said price if obtainable between September 21 and October 30.
>
> The National offer was obtained by the executors of the Groesbeck estate, which held 32,814 shares, and that business associates of Groesbeck reportedly own another 40,000 shares (in all approximately 40% of the stock in the company) and that the Groesbeck estate is seeking to liquidate its stock holdings and that the associates desire to sell their shares; that the group felt that all stockholders (not only 51%) should be able to receive the same price and the National offer makes this possible, the offer being 25 to 40% higher than the stock has sold for in the last 15 years.
>
> The National offer permits present stockholders to retain the 15 per cent share dividend payable September 15 and National had assured that the present company personnel will be retained and the general manager (Raney) will be offered a contract.

182. The National offer and the letter of September 2, 1953 sought options on stock, or deposit of stock for the purpose of the option.

183. Enclosed with the letter referred to in request 181, ante, was a form of revocable proxy.

184. Neither the letter referred to in request 181, ante, nor the enclosure referred to in request 183, ante, were prepared or sent out at the expense of Monroe.

185. The offer so made by National to purchase stock was made directly to the stockholders and did not involve or contemplate any action by stockholders at the oncoming or any other meeting of stockholders.

186. The time limited for acceptance of the National offer was September 21, 1953 and the annual meeting of stockholders of Monroe had been set by its board for September 23, 1953.

187. On September 2, 3 and 4, 1953 defendants Knapp, Raney and Blum caused to be prominently published in The Monroe Evening News (in two places in that newspaper on September 4) an ad (3" x 6") reading:

> TO MONROE PAPER PRODUCTS
> COMPANY STOCKHOLDERS
>
> It has come to the attention of management that a local attorney is soliciting the purchase of Monroe Paper Products Company stock.
>
> For your best interests, we are hereby advising you that management is in no way connected with the solicitation and statements being made by this local attorney.
>
> The Management of
> Monroe Paper Products Company
> Burton S. Knapp, President
> Chas. E. Raney, Vice President
> and General Manager
> G. A. Blum, Secretary-Treasurer

188. The ad referred to in request 187, ante, was not authorized by Monroe's board or by any of its non-defendant directors.

189. The ad referred to in request 187, ante, was charged to Monroe's account.

190. The ad referred to in request 187, ante, was paid for by Monroe funds on the okay of defendant Raney.

191. On about September 1, 1953 a Monroe salesman reported to Raney that 57 shares of Monroe stock were available for purchase at $7.50 per share.

192. Raney told his secretary, Marion F. Guettler, that she could purchase the shares of stock referred to in request 191, ante.

193. In September, 1953 Marion F. Guettler borrowed from Monroe $427.50 with which she purchased the shares of stock referred to in request 191, ante.

194. The loan to Marion F. Guettler referred to in request 193, ante, was approved by Raney.

195. The loan referred to in request 193, ante, was not approved by Monroe's board or any of its non-defendant directors.

195(a). The 57 shares of stock purchased by Marion F. Guettler were subsequently placed under the voting trust.

196. On September 5, 1953 a combined printed letter of that date addressed to all shareholders of the Monroe Company bearing the facsimile signature of Knapp as Monroe's president and a proxy statement bearing the facsimile signatures of Blum, as Monroe's secretary and Knapp as Monroe's president was mailed to Monroe's stockholders.

197. The portion of the letter bearing the signature of Knapp was the President's Statement referred to in request 175, ante.

198. The proxy statement was that referred to in request 174, ante.

199. Enclosed in the letter referred to in request 196, ante, was the printed form of proxy for the September 23, 1953 stockholders' meeting which had been prepared by Clark, Klein, Brucker & Waples.

200. Also enclosed in the letter referred to in request 196, ante, was a condensed balance sheet and summary of profit and loss for Monroe's fiscal year ending June 30, 1953.

201. The advice of competent appraisers referred to in the President's Statement consisted of the estimate and letter referred to in requests 105 and 106, ante.

202. The more than one and one-half million dollars referred to in the President's Statement as having been expended for capital improvements since 1940 consisted of the total of the items listed in the column entitled Replacements and Additions to Plant and Equipment for the years 1941 through 1953 in request 21, ante.

203. During the years 1941 through 1953 depreciation in excess of one million one hundred dollars had been taken by Monroe against its plant and equipment.

204. The Replacements and additions to plant and equipment made by Monroe in its fiscal year ending June 30, 1953 had been the smallest for any fiscal year since that ending June 30, 1946.

205. Purchases of Monroe stock on behalf of Monroe pursuant to the stock retirement policy referred to in the President's Statement had been discontinued by Monroe's defendant officers shortly after Groesbeck's

death.

* * *

208. The proxies secured by Knapp, Raney, Blum and Leathers for the September, 1953 meeting were not used at said meeting to assure as far as possible the re-election of Joseph A. Moynihan, Jr.

209. The proxies secured by Knapp, Raney, Blum and Leathers for the September, 1953 meeting were used to assure the election of defendant Sempliner.

210. On September 5, 1953 Knapp employed Weipert and Weipert, Monroe attorneys, to examine The National Container offer to purchase Monroe stock.

211. The employment referred to in request 210, ante, was to be carried out at Monroe's expense but was never authorized by its non-defendant directors.

* * *

213. The services performed by Weipert and Weipert in respect to the employment referred to in request 210, ante, were paid for with Monroe funds.

214. The written opinion prepared by Weipert and Weipert pursuant to the employment referred to in request 210, ante, was with minor changes furnished without charge to the Stockholders' Committee and used in opposition to The National Container offer.

215. The written opinion of Weipert and Weipert as to The National Container offer was drafted September 8, 1953 and is Deposition Exhibit 35A.

* * *

217. On September 10, 1953 William Weipert conferred at the Monroe's office with Knapp and Raney as to the Stockholders'

Committee letter and the publication thereof.

* * *

219. All advertisements published under the name of the Stockholders' Committee were paid for with Monroe funds upon Raney's okay.

* * *

~~221.~~ Advertisements purporting to be published by the Stockholders' Committee were published in the Monroe Michigan newspaper on September 11, 14 and 19, 1953.

* * *

224. The letter from competent appraisal engineers referred to in the Stockholders' Committee ad published September 11, 1953 was a letter dated September 8, 1953 to Mr. C. E. Raney, Pres. Monroe Paper Products Company from Leo L. Reihmer, Michigan Representative of the Lloyd Thomas Company.

225. The written opinion stated in the Stockholders' Committee ad published September 11, 1953 to be available was a redraft with minor changes of the opinion prepared by Weipert and Weipert at the expense of Monroe.

* * *

226(a). On September 16, 1953 William Weipert telephoned Francis re proxies, etc.

227. Deposition Exhibit 33 was mailed at Monroe's expense to more than 400 stockholders of Monroe.

228. Between September 5 and September 23, 1953 Monroe's officers Blum and Bennett, its mill superintendent Kirby, its salesmen McMahon and Case and its cost clerk Gutmann contacted approximately 300 Monroe stockholders in efforts to secure proxies for Knapp, Raney, Blum and Leathers for the 1953 annual meeting.

229. Raney's secretary, Guettler, contacted several other Monroe stockholders, kept records of the proxies secured for Knapp, Raney, Blum and Leathers and wrote personal letters for Raney and Knapp in connection with securing proxies for Knapp, Raney, Blum and Leathers for the 1953 annual meeting.

* * *

232. No disclosure was made at Monroe's 1953 annual meeting that Monroe's funds, credits and facilities had been and would be used to pay for the Stockholders' Committee activities.

233. Prior to September, 1953 Weipert and Weipert had been employed as attorneys for Monroe.

234. From prior to June 1, 1953 until subsequent to March 1, 1954 Weipert and Weipert were active as attorneys for Monroe in connection with the City of Garrett turbine matter.

235. On September 4, 1953 Weipert and Weipert conferred with Raney as to a proposed escrow.

236. On September 4, 1953 Weipert and Weipert conferred with J. D. Cook as to a proposed escrow.

237. On September 5, 1953 Weipert and Weipert drafted a proposed escrow contract.

238. On September 8, 1953 Weipert and Weipert revised the proposed escrow contract.

239. On September 8, 1953 Weipert and Weipert conferred at the Monroe State Savings Bank with:

(a) J. D. Cook.
(b) L. Boudinet.
(c) D. B. Leathers.

240. The conference at the Monroe State Savings Bank referred to in request 239, ante, concerned the escrow agreement.

241. On September 10, 1953 Weipert and Weipert conferred with Raney concerning the advisability of buying options on Monroe stock.

242. Consideration was given to the advisability of buying options on Monroe stock because the escrow arrangement had received insufficient funds to purchase the amount of Monroe stock being offered for sale to it.

243. On September 11, 1953 Weipert and Weipert conferred with J. D. Cook regarding the escrow and options to buy Monroe stock.

244. Deposition Exhibit 73 is the revised escrow agreement drafted by Weipert and Weipert.

* * *

246. It was contemplated that the funds to be deposited by Kirby, Gutmann and Zeller under Deposition Exhibit 73 would not, other than to a minor extent, be their own funds.

247. During September, October and November, 1953 $167,410 was received by the Monroe State Savings Bank under the escrow agreement and said bank purchased 15,538 shares of Monroe stock at $10 per share.

248. The persons who furnished the bulk of the moneys so deposited with the bank were defendants: Raney $16,000, Blum $5,000, Leathers $15,000, Huber $4,000; company employees: Kirby $9,000, Bennett $1,000, Gutmann $1,500, Russel Knapp $1,000, (no close relative of defendant Knapp), Mainzinger $1,000, Robertson $1,000, Zeller $1,000, Beaubien $1,000; company waste paper suppliers: Sandroff

$25,000, Rosen $5,000, Monroe Scrap Material Co. $5,000, Marvin Co. $1,000, Fishman Waste Paper Co. $5,000; other company suppliers or their representatives: Putney $10,000, Cronin and Northmore $2,500, Ogleby Norton & Co. $2,500, R. J. Brennan (Raney's son-in-law and representative of Putney) $1,700; others having business contacts with Monroe Company: Gratton Construction Co. $5,000, Mark $1,000, Murphy (insurance) $2,500, Holefca (pension plan consultant) $5,000, Kiehborth Trustee $10,000, E. W. Marvin $5,000, Mayer $1,000, McCormick $3,000, Sales Products Co. $2,000, Smythe $1,000, and Vogeli $2,000.

249. Defendants Raney and Blum, and several of the company employees were extensively active in the escrow and proxy campaigns.

250. Before purchasing stock with the escrow funds the bank would call Monroe's office and verify that the selling stockholder had talked to Raney, Blum, Kirby or Gutmann about the sale.

251. Proxies for Knapp, Raney, Blum and Leathers were secured on all stock purchased with the escrow funds.

252. All stockholders who sold only a portion of their stockholdings to the escrow gave proxies to Knapp, Raney, Blum and Leathers as to their entire stockholdings.

253. Sixty-two Monroe stockholders sold stock to the escrow.

254. Blum contacted approximately 75 stockholders to secure proxies for Knapp, Raney, Blum and Leathers.

255. Blum referred to the bank more than 22 of the stockholders who sold stock to the escrow.

256. At the September 23, 1953 annual meeting Knapp, Raney, Blum and Leathers held the proxies on the 15,538 shares of stock purchased through the escrow.

257. On September 23, 1953 the certificates as to the shares of stock purchased through the escrow were held in the offices of the Monroe State Savings Bank, Monroe, Michigan.

258. On September 23, 1953 the shares of stock which had been purchased through the escrow were beneficially owned, pro rata, by the persons and firms who had deposited money under the escrow agreement prior to that time.

259. The solicitation of escrow deposits from persons and firms having business dealings with Monroe was handled by the Monroe officer or employee who had charge of Monroe's dealings with the prospective depositor.

260. Raney had charge of Monroe's dealings with Dan S. Holefca.

261. Raney solicited Dan S. Holefca for an escrow deposit.

262. Raney had charge of Monroe's dealings with Alvin E. Sandroff and his Thomas Paper Stock Co.

263. Raney solicited Alvin E. Sandroff for an escrow deposit.

264. Raney had charge of Monroe's dealings with John E. Murphy.

265. Monroe solicited John E. Murphy for an escrow deposit.

266. Raney had charge of Monroe's dealings with A. Cronin who was associated with Howard Korneffel.

267. Raney solicited an escrow deposit from A. Cronin.

268. Cronin and Northmore, trustees, deposited 2,500 of Pine Ridge Coal Co. funds in the escrow.

* * *

270. Raney has charge of Monroe's dealings with the Philadelphia Felt Company.

271. Raney's son-in-law, Robert Brennan, is a salesman for the Philadelphia Felt Company through whom Monroe buys felts from it.

272. The Putneys are principals in the Philadelphia Felt Company.

273. Raney solicited an escrow deposit from the Putneys.

274. Bennett has charge of Monroe's sales.

275. Raney is Bennett's boss.

276. Bennett, at the time of the escrow, had daily contact with Howard Korneffel in connection with Monroe sales.

277. Bennett solicited an escrow deposit from Howard Korneffel.

278. Bennett had charge of Monroe's dealings with Edgar Marvin.

279. Bennett solicited an escrow deposit from Edgar Marvin.

280. Bennett had charge of Monroe's dealings with Hilmar Mayer.

281. Bennett solicited an escrow deposit from Hilmar Mayer.

282. Bennett had charge of Monroe's dealings with Mr. Nadeau of Sales Products Co.

283. Bennett solicited an escrow deposit from Sales Products

Co.

284. Bennett had charge of Monroe's dealings with H. L. Smythe.

285. Bennett solicited an escrow deposit from H. L. Smythe.

286. Bennett had charge of Monroe's dealings with E. H. Vogeli.

287. Bennett solicited an escrow deposit from E. H. Vogeli.

288. Raney knew of, and approved, the escrow solicitations made by Bennett.

289. Gus Mainzinger is an employee of Monroe under Bernard F. Kirby.

290. Kirby solicited an escrow deposit from Mainzinger.

291. Kirby has charge of Monroe's dealings with Fishman Waste Paper Co.

292. Kirby solicited an escrow deposit from Fishman Waste Paper Co.

293. Kirby has charge of Monroe's dealings with Henry Rosen.

294. Kirby solicited an escrow deposit from Henry Rosen.

295. Kirby has charge of Monroe's dealings with E. W. Marvin Company.

296. Kirby solicited an escrow deposit from E. W. Marvin.

297. Kirby has charge of Monroe's dealings with Gratton Construction Co.

298. Kirby solicited an escrow deposit from Gratton Construction Co.

299. Kirby has charge of Monroe's dealings with Monroe Scrap Materials Co.

300. Kirby solicited an escrow deposit from Monroe Scrap Materials Co.

301. Kirby has charge of Monroe's dealings with L. Kiehborth.

302. Kirby solicited an escrow deposit from L. Kiehborth.

303. The $5,000 escrow deposit made by Dan S. Holefca was turned over to Raney by Holefca.

304. The $25,000 escrow deposit made by Alvin E. Sandroff was made with funds of Rockton Paperboard Company.

305. Rockton Paperboard Company is a competitor of Monroe.

306. The $25,000 of Rockton Paperboard Company funds were in the form of a check payable to Raney, personally.

307. The check referred to in request 306, ante, was endorsed in blank by Raney.

* * *

312. On or about October 16, 1953 the certificates for the stock purchased by the escrow were picked up at the bank and delivered to Marion F. Guettler.

313. On or about October 28, 1953 allocation of the shares of stock purchased by the escrow among those who had contributed to the escrow was commenced by Guettler.

314. Under the terms of the escrow receipt issued Rockton Paperboard Co. its pro-rata allotment of the stock purchased through the escrow would have been over 2,400 shares.

315. Between October 28, 1953 and November 17, 1953

Guettler allotted the escrow stock to all depositors except Sandroff and Rockton Paperboard Co. on the basis of one share of stock for each $10 deposited.

316. The allotment referred to in request 315, ante, left more than 1,700 shares for distribution to Sandroff or Rockton Paperboard Co.

317. On November 17, 1953 Huber deposited $4,000 in the escrow.

318. On November 18, 1953 Raney deposited an additional $1,000 in the escrow.

319. On November 18, 1953 Sandroff was allotted 1,297 shares from the escrow and $12,030 was returned to Rockton Paperboard Company.

320. The Sandroff stock and Rockton refund were transmitted by Raney.

321. On November 18, 1953 Raney and Huber were allotted 100 and 400 shares, respectively, for their November 17 and 18, 1953 deposits.

* * *

324. At the meeting of Monroe's Board on October 13, 1953 Knapp, Blum, Leathers and Sempliner, against the vote of the other directors, voted to declare an extra dividend of 40¢ a share out of earned surplus payable January 15, 1954 to stockholders of record January 1, 1954.

325. At the October 13, 1956 board meeting no disclosure of the escrow arrangement or of the purchase of contemplated distribution of

stock thereunder was made to Monroe's other directors by Knapp, Raney, Blum, Leathers or Sempliner.

326. Postage used in connection with the escrow deposit solicitation and stock deliveries and in connection with the procurement of the Knapp, Raney, Blum and Leathers proxies was paid for with Monroe funds.

327. Monroe expenditures for postage in the period July - December, 1953 were approximately $400 greater than in the period July - December, 1952.

328. Telephone and telegraph facilities used in connection with the escrow and proxy campaigns were paid for with Monroe funds.

329. Monroe expenditures for telegraph expense in the period July - December, 1953 were approximately $315 greater than in the period July - December, 1952.

330. Monroe expenditures for telegraph expense in the period January, 1952 through June, 1953 were from about $20 to $40 per month.

331. Monroe expenditures for telegraph expense for September, 1953 were $196.17.

332. Monroe expenditures for telephone expense in the period July - December, 1953 were approximately $550 greater than in the period July - December, 1952.

333. Monroe paid $492 for publication of advertising drafted by Weipert and Weipert and purportedly published by the Stockholders' Committee.

334. Monroe paid $126.75 for the printing of Knapp's July 17,

July 30, September 5 and October 6, 1953 letters to stockholders and their enclosures.

335. Nellie Baier was a part-time employee of Monroe who aided in the addressing and mailing of Knapp's letters to stockholders during the period July - December, 1953.

* * *

337. Raney's secretary, Guettler, received $23.70 for "expenses" as to the litigation herein.

338. Monroe paid John F. Gutmann $669.19 more than his regular salary for the year ending June 30, 1954 and also paid him a $75 bonus for said year.

339. Monroe paid Hilda Zeller $649.77 more than her regular salary for the year ending June 30, 1954 and also paid her a $50 bonus for said year.

340. The notations "C", "Co", "S", and "X" made by William Weipert on his time sheets were not made prior to October 1, 1953.

341. The payment of $2,014 made by Monroe on December 1, 1953 to Weipert and Weipert covered more than 20 hours of time for which Weipert and Weipert has produced no time sheet records.

* * *

343(a). On or about September 28, 1953 Raney, on Monroe's letterhead, requested manufacturers of various items of Monroe's plant equipment to furnish:

(a) The latest market price for said equipment.
(b) The date on which manufacture thereof was discontinued.
(c) The present day price of present day equipment which superseded Monroe's equipment.
(d) Prices suitable for insurance appraisal purposes as to the

equipment.

343(b). The replies to Raney's letters referred to in request 343a, ante, were turned over to the Lloyd Thomas Co.

344. On or about October 20, 1953 Raney discussed voting trusts with Knapp.

345. About November 15, 1953 a meeting was held at Monroe's office attended by Knapp, Raney, Blum, Huber, William Weipert and several Monroe employees.

346. At the meeting referred to in request 345, ante, the possibility that the Monroe stock owned by those attending the meeting would become of little value if someone else purchased stock and gained control of Monroe was discussed.

* * *

348. At the meeting referred to in request 346, ante, Weipert and Weipert were commissioned to draft an instrument to be executed by Monroe's majority stockholders.

349. Prior to November 20, 1953 Weipert and Weipert drafted a "Contract And Stock Option" a copy of which is Deposition Exhibit 36.

350. Prior to November 20, 1953 William Weipert thought a voting trust agreement would be difficult to work out.

351. Deposition Exhibit 36 was discussed by Knapp, Raney, Blum, Huber and William Weipert prior to November 20, 1953.

* * *

355. On November 20, 1954 Raney consulted Clark, Klein, Brucker & Waples.

356. Huber did not communicate with, or consult, Clark,

Klein, Brucker & Waples or request any opinion or services from them.

357. The November 24, 1953 inter-office memorandum of Clark, Klein, Brucker & Waples accurately states the information communicated to them by Raney and the objectives of their employment.

358. On November 25, 1953 Clark, Klein, Brucker & Waples, by Klein, gave its written opinion addressed to Raney as Vice-President and General Manager of Monroe.

359. Except for the addressee and the first sentence which read in part: "We have been advised that at the annual stockholders' meeting held September 23, 1953 * * *" this opinion was the same as Deposition Exhibit 30.

360. Neither the existence of this opinion nor the fact that Deposition Exhibit 30 was written after commencement of plaintiffs' action herein was disclosed prior to the testimony of Gerald Stoetzer on December 29, 1954 to:

(a) Plaintiff.

(b) The SEC.

(c) The Michigan Corporation & Securities Commission.

(d) The Court.

361. The original opinion referred to in request 358, ante, has never been produced.

* * *

364. On January 15, 1954 Clark, Klein, Brucker & Waples invoiced Monroe $150 for legal services in connection with advice regarding establishment of a voting trust agreement, being in full for all services in connection therewith to date.

* * *

366. On February 15, 1954 Raney requested Clark, Klein, Brucker & Waples to reinvoice their services to a Stockholders' Committee.

367. On February 15, 1954 Raney requested Clark, Klein, Brucker & Waples to reissue the opinion dated November 25, 1953 to a Stockholders' Committee.

368. On February 15, 1954 Clark, Klein, Brucker & Waples invoiced Stockholders' Committee of Monroe Paper Products Company at Monroe's address $150 by invoice dated January 15, 1954 for legal services in connection with advice regarding establishment of a voting trust agreement, being in full for all services in connection therewith to date.

369. The invoice referred to in request 368, ante, was mailed by Clark, Klein, Brucker & Waples to Raney in accordance with Raney's request and with request that the prior invoice to Monroe be returned for proper disposition.

* * *

372. Deposition Exhibit 30 was produced by William Weipert on March 13, 1954 at plaintiffs taking of the deposition of Huber.

373. On November 30, 1953 Raney requested and received a check for $250 from Monroe as an "advance on expenses".

374. The $250 referred to in request 373, ante, was treated as an expense of Monroe for the year ending June 30, 1954.

* * *

376. On December 7, 1953 the Monroe State Savings Bank rendered its invoice for $250 for escrow services re stock purchases, etc. from September 18, 1953 to November 18, 1953 addressed to Kirby, Gutmann and Zeller care of Monroe.

377. The invoice referred to in request 376, ante, was received at Monroe's office on December 8, 1953.

378. The invoice referred to in request 376, ante, was paid by Charles E. Raney.

* * *

384. On December 11, 1953 William Weipert conferred with Huber.

385. At the conference referred to in request 384, ante, there was discussed:

(a) A voting trust.

(b) A stockholders' committee.

(c) Use of a stockholders' committee to sponsor a voting trust.

(d) Huber's acting as chairman of a stockholders' committee.

(e) A letter to Monroe stockholders.

(f) Use of a letter to Monroe stockholders from a stockholders' committee.

386. On December 14 and 16, 1953 William Weipert was engaged in the preparation of a voting trust agreement and voting trust certificates.

* * *

390. On December 18, 1953 Raney furnished William Weipert with data for a voting trust.

391. On December 18, 1953 William Weipert conferred with Knapp, Raney, Blum, Kirby, Bennett, Gutmann and Case concerning a voting trust.

392. The conference referred to in request 391, ante, took place at Monroe's office.

393. On December 21, 1953 William Weipert telephoned Knapp and Raney concerning a voting trust.

394. On December 21, 1953 William Weipert drafted a letter concerning a voting trust.

* * *

396. On December 22, 1953 William Weipert conferred with the President of the Monroe State Savings Bank and Knapp concerning a voting trust.

* * *

401. On December 24, 1953 William Weipert mailed Sempliner drafts of a proposed letter to stockholders concerning the voting trust.

* * *

406. On December 31, 1953 William Weipert held an afternoon conference at Monroe's office with Knapp and Raney concerning a voting trust.

* * *

410. On January 6, 1954 William Weipert conferred with Huber re contract provisions.

411. On January 7, 1954 William Weipert phoned Guettler and Knapp.

412. The subject of the telephone calls to Guettler and Knapp referred to in request 411, ante, was the mailing out of a voting trust agreement and letter to Monroe stockholders.

413. One of the subjects of William Weipert's telephone discussion with Guettler on January 7, 1954 was the withholding of the mailing of the voting trust agreement and letter to the non-defendant directors and Bender and Co.

414. On January 15, 1954 William Weipert conferred with

Raney as to the solicitation of out-of-state stockholders for the voting trust.

415. On January 23, 1954 William Weipert conferred at Monroe's office with Knapp, Raney and Leathers and heard the report of Kirby as to solicitation for the voting trust.

416. On January 30, 1954 William Weipert conferred with Raney as to an announcement letter concerning the voting trust.

417. On February 1, 1954 William Weipert conferred with Raney.

418. On February 1, 1954 William Weipert spent two hours at the Monroe State Savings Bank with Gutmann concerning the voting trust.

419. On February 1, 1954 William Weipert drafted Deposition Exhibit 3.

420. On February 2, 1954 William Weipert conferred with Raney and Blum concerning the drafting of a letter from the voting trustees to Monroe stockholders which was not sent because of the sending of Deposition Exhibit 2.

421. Deposition Exhibit 4 was reviewed and approved by Huber prior to being mailed to Monroe's stockholders.

* * *

426. The appraisal referred to in Deposition Exhibit 4 stated the replacement new value of Monroe's property to be $7, 130, 644. 98 and the net sound or depreciated value to be $4, 362, 180. 11.

* * *

431. Deposition Exhibit 4 was submitted to, and approved by, Knapp, Raney, Blum, Leathers and Sempliner before being mailed to the Monroe stockholders.

432. On January 7, 1954 there was mailed to some, but not all, of Monroe's stockholders copies of:

(a) Deposition Exhibit 4.

(b) Deposition Exhibit 9.

(c) Deposition Exhibit 22.

(d) Signature Sheet for Voting Agreement, (Trial Exhibit 23).

(e) Envelope addressed to Monroe State Savings Bank, Monroe, Michigan with 6¢ postage affixed thereon.

433. During January and February, 1954 there were not less than 430 stockholders of Monroe.

434. During January and February, 1954 approximately 60 of Monroe's stockholders resided in states other than Michigan.

435. The addressing of the envelopes for the mailing referred to in request 432, ante, was done at Monroe's office.

436. The addressing of the envelopes for the mailing referred to in request 432, ante, was done by Monroe's employees.

437. Monroe's employees placed the return address of the Monroe State Savings Bank upon the envelopes for the mailing referred to in request 432, ante.

438. The envelopes for the mailing referred to in request 432, ante, bore 6¢ postage each.

439. The mailing referred to in request 432, ante, was not made to:

(a) Bender & Co.

(b) Kinsey.

(c) Feinberg.

(d) Krave.

440. The decision not to make the mailing referred to in request 432, ante, to some of Monroe's stockholders was the subject of William Weipert's telephone call to Knapp on January 7, 1954.

* * *

442. The mailing referred to in request 432, ante, was made to Monroe stockholders who resided in states other than Michigan.

443. Deposition Exhibit 22 was part of the mailing referred to in request 432, ante, as to Monroe's stockholders who lived at a distance and who had lost contact with the company.

444. At the time of the mailing of Deposition Exhibit 22 none of the stockholders whose names appeared thereon had signed the voting trust agreement other than as trustees.

445. At the time of the mailing of Deposition Exhibit 22 none of the stockholders whose names appeared thereon had deposited their stock under the voting trust.

446. The stockholders listed in Deposition Exhibit 22 included more than half of those who had purchased stock under the escrow arrangement but, among others, did not include suppliers Sandroff, Rosen, Fishman or Putney who had purchased a total of 3,797 shares.

447. A campaign was conducted to procure signatures of stockholders to the voting trust agreement and the deposit of stock thereunder.

448. All but 263 of the 15,538 shares purchased under the escrow arrangement were ultimately deposited under the voting trust

agreement.

449. At the time the signatures were placed on Deposition Exhibit 28 there was no voting trust agreement.

* * *

454. The telephone calls referred to in request 453, ante, were handled and serviced by Monroe's employees.

455. In the solicitation for sign-up and deposit of stock under the voting trust a large number of telegrams were sent from and received at Monroe's office.

456. The telegrams sent from Monroe's office in connection with the solicitation for sign-up and deposit of stock under the voting trust were:

(a) Prepared by Monroe's officers and employees.

(b) Charged to Monroe's account.

(c) Not removed from Monroe's account until after plaintiffs' action herein was commenced.

457. In the solicitation for sign-up and deposit of stock under the voting trust collect telegrams:

(a) Were received at Monroe's office and charged to Monroe's account.

(b) Were not removed from Monroe's account until after plaintiffs' action herein was commenced.

458. The Stockholders' Committee:

(a) Included William Weipert and the individual defendants other than Sempliner as among its members.

(b) Had, as the balance of its members, Monroe employees.

(c) Divided Monroe's list of stockholders among its members and other employees of Monroe and directed personal contact with the stockholders so allotted to solicit deposit of their stock under the voting trust agreement.

459. In the solicitation for sign-up and deposit of stock under the voting trust:

(a) Kirby contacted approximately 100 Monroe stockholders.

(b) Blum contacted approximately 75 Monroe stockholders.

(c) Monroe's commission salesman George McMahon contacted approximately 25 Monroe stockholders.

(d) Monroe's cost clerk Gutmann contacted approximately 25 to 30 Monroe stockholders.

(e) Monroe's officer Bennett contacted approximately 25 to 30 Monroe stockholders.

(f) Monroe's salesman Roger O. Case contacted approximately 20 to 25 Monroe stockholders.

460. During the period July 1, 1953 to July 1, 1954 Blum, Kirby and Bennett were full time salaried employees of Monroe.

461. Monroe's officers and employees who had previously contacted Monroe stockholders in September, 1953 on behalf of, and to secure proxies for, Knapp, Raney, Blum and Leathers solicited the same stockholders to deposit their stock under the voting trust agreement.

* * *

464. Bennett contacted Monroe stockholders in connection with business trips made by him at Monroe's expense.

465. Gutmann:

(a) Kept records of the sign-up and deposit of stock under the voting trust.

(b) Deposited with the bank stock brought in for deposit under the voting trust.

(c) Conferred with the bank from time to time as to the status of the sign-up and deposit of stock under the voting trust.

(d) Checked deposited stock certificates.

(e) Reported as to the status of the sign-up and deposit of stock under the voting trust to:

(1) Raney.
(2) Knapp.
(3) Guettler.
(4) Hilda Zeller.

466. Voting trust agreements or counterparts were at no time signed by stockholders as to more than 15,214 shares of Monroe stock.

467. Signature sheets for Voting Agreement were at no time signed by stockholders as to more than 81,914 shares of Monroe stock.

* * *

469. On January 27, 1954 only 34,343 shares of Monroe stock had been deposited under the voting trust.

470. On January 27, 1954 stockholders as to not more than 84,274 shares of Monroe stock had deposited their stock or signed a voting trust agreement or counterpart or had signed a signature sheet.

471. Between January 27, 1954 and February 1, 1954 signature sheets were received as to the stock of:

(a) Sempliner.

(b) Sempliner's mother.

(c) Moynihan.

472. On February 1, 1954 not more than 37,411 shares of Monroe stock had been deposited under the voting trust.

473. On February 1, 1954 stockholders as to not more than 95,878 shares of Monroe stock had deposited their stock or signed a voting trust agreement or counterpart or signature sheet.

474. On January 26, 1954 Huber had drafted a proposed letter to Monroe stockholders answering letters by Kinsey in opposition to the voting trust.

475. Deposition Exhibit 3 was approved by Raney on February 1, 1954.

476. Deposition Exhibit 3 was mailed to substantially all of Monroe's stockholders on February 2, 1954.

* * *

478. Deposition Exhibit 2 was drafted by Francis.

479. Deposition Exhibit 2 was examined by Weipert prior to being mailed to Monroe's stockholders.

* * *

482. Deposition Exhibit 2 was:

(a) Mailed in Monroe's envelopes.

(b) Saved the voting trust the expense of a letter advising of the closing of the trust to further participation.

483. The envelopes for the mailing of Deposition Exhibits 2 and 3 were addressed by Monroe employees.

484. Postage for the mailing of Deposition Exhibits 2 and 3 was paid for by Monroe.

485. The voting trust certificates issued and to be issued under the voting trust agreement were not registered with the Securities and Exchange Commission under Securities Act of 1933 or otherwise.

486. The voting trustees and the depositary and agent under the voting trust agreement repeatedly used and caused to be used means and instruments of transportation and communication in interstate commerce and the mails to carry and transmit the Deposition Exhibits 2, 3,

4, 9 and 22 and other related correspondence and telegrams, and carried and caused to be carried, through the mails and in interstate commerce certificates of stock deposited, and the voting trust certificates issued, under the voting trust agreement.

487. The voting trust certificates issued and to be issued under the voting trust agreement have not been accepted for filing, nor has any license to deal therein been issued, under the so-called Michigan Blue Sky Law.

* * *

490. The defendant directors and officers, including Sempliner, participated in the formation of the voting trust agreement.

491. By March 2, 1954 the number of shares of stock deposited under the voting trust agreement was approximately 72,000.

492. Additional shares were deposited under the voting trust agreement subsequent to March 2, 1954.

493. Between March 9 and April 26, 1954 the Monroe State Savings Bank, as depositary, issued 69 additional voting trust certificates for more than 23,000 shares of Monroe stock.

494. None of the stock deposited under the voting trust agreement has been transferred to the Voting Trustees on Monroe's books.

* * *

496. Blum procured signatures as to 10,000 shares of Monroe stock for the voting trust in about two weeks commencing about January 7, 1954.

497. During January, 1954 the Monroe State Savings Bank wrote several letters to stockholders who had sent in signature cards but had not deposited their stock and requested that they deposit their stock.

498. During January, 1954 Raney telegraphed several Monroe stockholders requesting deposit of their stock under the voting trust.

499. During January, 1954 the Monroe State Savings Bank telegraphed a Monroe stockholder requesting deposit of his stock under the voting trust.

* * *

503. The Monroe State Savings Bank received requests for return of stock deposited under the voting trust from:

(a) Sarah C. Heller.

(b) Janette Still.

(c) Elsie M. Newbern.

504. The Monroe State Savings Bank did not return any of the stock of the stockholders referred to in request 503 ante.

505. The Monroe State Savings Bank received demands for the return of stock deposited under the voting trust from:

Date	No. Shares	Name
	187	Jennie R. Armstrong
July 19, 1954	38	Cordelia Snyder Bailey
June 1, 1954	234	Gerald F. Bechberger Norma Bechberger
May 22, 1954	196	Louis Bianke Gerda H. Bianke
July 6, 1954	94	Herbert C. Bodamer Charlotte Bodamer
June 26, 1954	169	Otto C. Bodamer
July 27, 1954	375	Ruth R. Berry, Administratrix of the Estate of Rose L. Chapman, a/k/a Rosanie L. Chapman, dec'd.
July 1, 1954	500	L. F. Cousino Anna A. Cousino
May 26, 1954	375	Bernard J. Duvall
May 29, 1954	728	The First National Bank of Monroe, Trustee Edward G. J. Lauer, Estate F.B.O. Bertha Berg by Warren J. Bleyaert, Vice President & Trust Officer.

Date	No. Shares	Name
August 24, 1954	500	Fishman Waste Paper Co. Ellin Fishman (Pres.)
July 14, 1954	17	Edna Gilday
July 14, 1954	62	Selma Gilday
July 8, 1954	94	Mrs. Loretta Guire
June 23, 1954	812	Mrs. Luetta Hochradel
July 8, 1954	300	Urban I. Hoffman Cecelia Hoffman
June 11, 1954	288	Walter L. Hoffman Mary T. Hoffman
July 8, 1954	113	Mrs. Gertrude Ihrig
July 22, 1954	426-1/2	L. Marguerite Lauer
July 14, 1954	500	Mrs. Emma Lamale
July 14, 1954	296	Grace A. McCormick
July 10, 1954	937	Miles J. Moyer
June 10, 1954	37	Elmer J. Oerther
June 17, 1954	600	Herman Reber
July 15, 1954	56	Lena Schneider
August 26, 1954	150	Anna F. Siffer
June 23, 1954	1000	Bertha F. Smith
July 28, 1954	500	May K. Smith Anna F. Smith
July 10, 1954	375	Fred Sneider Matilda Sneider
June 28, 1954	94	Harry J. Steiner Catherine I. Steiner
June 16, 1954	331	Louis A. Telpizoff
July 14, 1954	187	Albert J. Uckley Emma Uckley
August 17, 1954	188	Edith M. Vivian
June 24, 1954	175	Bessie Wittman Bernice Iott
July 10, 1954	132	Lenora Worthen

506. The Monroe State Savings Bank did not return any of the stock of the stockholders referred to in request 505, ante.

507. The Monroe State Savings Bank received demand for the return of, and was tendered the voting trust certificates as to 11,797-1/2 shares of Monroe stock purchased by Waterbury.

508. The Monroe State Savings Bank has retained the shares of stock referred to in request 507, ante.

509. The total numbers of shares of Monroe stock which had been deposited or as to which a voting trust agreement or counterpart or a signature sheet had been signed were:

(a) January 16, 1954, 72,832 shares.
(b) January 20, 1954, 75,424 shares.
(c) January 23, 1954, 80,646 shares.
(d) January 27, 1954, 84,274 shares.
(e) February 1, 1954, 95,878 shares.
(f) February 6, 1954, 98,429 shares.

510. The total numbers of shares of Monroe stock which had been deposited under the voting trust agreement were:

(a) January 16, 1954, 19,270 shares.
(b) January 20, 1954, 24,815 shares.
(c) January 23, 1954, 29,425 shares.
(d) January 27, 1954, 27,343 shares.
(e) February 1, 1954, 37,411 shares.
(f) February 8, 1954, 45,198 shares.
(g) February 13, 1954, 68,938 shares.
(h) February 19, 1954, 70,525 shares.
(i) February 23, 1954, 72,166 shares.
(j) March 20, 1954, 95,244 shares.

511. The voting trustees and the persons and firms who purchased stock through the escrow arrangement deposited stock under the voting trust and were issued voting trust certificates as follows:

Voting Trustees	No. of Shares Deposited	Date of Deposit	Date V. T. Certificate Issued
George A. Blum	100		2/6/54
George A. (& Helen E.) Blum	1900		2/6/54
	500		2/6/54
Burton S. Knapp	375		1/12/54
Don B. Leathers	6839		2/10/54
Charles E. Raney	10,814-7/8	1/28/54	2/13/54
Charles E. (or Olive) Raney	2649	1/28/54	2/13/54
Arthur W. Sempliner	250	3/12/54	3/13/54
Escrow Depositors			
Lafayette or Victor Beaubien	50		1/11/54
Lafayette Beaubien or Mrs. Hazel Meier	50		1/11/54
Gene L. &/or Mabelle E. Bennett	800		2/20/54
Florence E. Bishop	280		1/25/54
Robert J. &/or Joan Marie Brennan	307		1/15/54
Alvin J. Conlisk	85	2/5/54	2/6/54
Fishman Waste Paper Co.	500	3/5/54	3/10/54
Ben Fritz or Linda Fritz	50	1/9/54	1/11/54
Gratton Construction Co., Inc.	500		1/27/54
John F. or Netta M. Gutmann	150		1/18/54
Margaret K. & Elsie A. Gutmann	344	1/18/54	1/22/54
Harold R. or Regina A. Heinzerling	50		1/16/54
Marion C. Holefca	500	2/4/54	2/9/54
Bernard F. Kirby	1891		2/2/54
Mae E. & Russell W. Knapp	100		1/11/54

Voting Trustees	No. of Shares Deposited	Date of Deposit	Date V. T. Certificate Issued
Ethel L. & Harold F. Korneffel	1000	1/11/54	1/12/54
Gustav or Beulah Mainzinger	100		1/26/54
Thomas J. or Alice Marks	100		1/11/54
Edgar W. &/or Ruth H. Marvin	500		
E. W. Marvin & Company	100	1/25/54	1/27/54
Hilmar Mayer	100	1/18/54	1/20/54
Monroe Scrap Material Co.	500		2/24/54
John F. McCormick	300	3/1/54	3/10/54
Mildred S. McMichael	52		1/9/54
John E. Murphy	250	1/8/54	1/9/54
A. D. Cronin, Jr. & H. J. Northmore, Trustees	250	2/19/54	3/10/54
Dorothea S. Putney	250	1/29/54	2/3/54
Elaine S. Putney	50	1/29/54	2/3/54
Gertrude Putney	400	1/29/54	2/3/54
R. Emerson Putney	250	1/29/54	2/3/54
William G. Putney	250	1/29/54	2/3/54
W. H. Reno	200	1/12/54	1/13/54
Marion J. or Maggie J. Robertson	100	1/12/54	1/15/54
Henry or Ida Rosen	500	3/10/54	3/11/54
Louis O. Kieborth, Trustee	1000	11/16/53	1/20/54
Sales Products Company	200	1/21/54	1/22/54
Alvin E. Sandroff	1297	3/9/54	3/10/54
William H. L. Smythe	100	1/12/54	1/13/54
E. H. Voegell Co.	200	1/14/54	1/16/54
Hilda or Cecilia Zeller	118	1/12/54	1/13/54

512. On February 3, 1954 Weipert and Weipert were retained to represent the voting trustees in plaintiffs' action herein.

* * *

514. On about February 4, 1954 Edward H. Rakow, in charge of the Detroit office of the Securities and Exchange Commission, advised William Weipert by telephone that the SEC was investigating as to the voting trust.

515. On February 8, 1954 less than one-half of the minimum amount of stock necessary to put the voting trust into effect had been deposited with Monroe State Savings Bank.

516. On February 8, 1954 voting trust certificates had been issued as to less than one-half of the minimum amount of stock necessary to put the voting trust into effect.

517. On February 8, 1954 the facts referred to in requests 515 and 516, ante, were known to William Weipert.

518. On February 8, 1954 Rakow conferred with William Weipert at the latter's office at Monroe, Michigan.

519. The office of William Weipert is directly across the street from the Monroe State Savings Bank.

520. On February 8, 1954 William Weipert informed Rakow that:

(a) More than 51% of Monroe's outstanding stock had been subscribed to the voting trust.

(b) There was no intention to solicit further in connection with the voting trust.

(c) Notification that the voting trust was closed to further solicitation would be sent to Monroe's stockholders.

* * *

523. On February 8, 1954 Rakow informed Weipert that:

(a) In Rakow's opinion the Securities Act of 1933 had been violated.

(b) Under such circumstances belated registration and rescission were sometimes used.

524. On February 8, 1954 William Weipert inquired of Rakow as to the procedure used to rectify violations of the Securities Act of 1933.

525. On February 8, 1954, upon being informed by Rakow that belated registration and rescission were sometimes used to rectify violations of the Securities Act of 1933, William Weipert stated to Rakow that "We will do everything we can to take such steps in the rescission procedure in order to rectify the situation."

526. On February 8, 1954 Rakow furnished to William Weipert an SEC registration form and discussed the same with Weipert.

527. On February 8, 1954 Rakow, at the request of William Weipert, promised to attempt to secure forms of prospectus used in connection with belated registrations and rescissions.

528. On February 8, 1954 William Weipert notified the Monroe State Savings Bank that the voting trust was closed to signatures and exchange of stock.

529. The Monroe State Savings Bank was first notified of the SEC investigation on or about February 15, 1954.

* * *

531. Monroe stockholders who had signed voting trust agreements or counterparts or signature sheets but who had not deposited their stock under the voting trust were not informed that deposits of stock and issuance of voting trust certificates might be in violation of law by:

(a) William Weipert.

(b) Weipert and Weipert.

(c) The Voting Trustees.

(d) The Monroe State Savings Bank.

(e) The Stockholders' Committee.

* * *

533. On February 9, 1954 Weipert and Weipert by William Weipert wrote Rakow:

> "It was a pleasure to be able to furnish you the information requested by you yesterday, at our conference concerning the Voting Trust Agreement covering deposited shares of Monroe Paper Products Company.
>
> "Any further information which you may at any time require will be furnished immediately.
>
> "As you know, it was not until Mr. Kinsey (who is a director of the Company, as I think I advised you) filed suit last week, with Mr. Kunkel and Waterbury Corrugated Container Company joining as plaintiffs, that we knew that anyone would seriously urge that a public offering was here involved, within the meaning of the Securities Act of 1933. It may be of interest to you to know, what I do not think I mentioned to you, that although Mr. Kinsey attended the last meeting of the Board of Directors in Monroe on January 27, 1954, and had full knowledge for some time before then of the Voting Trust and all details pertaining to it, he did not see fit to even mention the subject at the Director's meeting. Nor did directors Krave and Feinberg, who are the other directors not in the voting trust itself."

* * *

> "Allow me to repeat, in the added solemnity of writing, my assurance to you, that so long as there is any doubt in the minds of the Security Exchange Commission, no further solicitation will be conducted in any way. As we stated, the goal had been reached before the question arose, and further solicitation would in any event have been more technical than real, and that only because of the 'open-end' feature of the Voting Trust Agreement.
>
> "To give added assurance on this point, President

Burton S. Knapp is writing to all stockholders, advising that the Voting Trust is now closed to further participation.

"We will proceed to take any steps you wish us to take. If registration is still indicated when the Commission has analyzed the full facts, registration will be processed with all speed. We are prepared to go to Washington at any time. It will no doubt be preferable to wait until your report is completed, and we have the materials you are obtaining for us; but if any questions arise earlier, that need on the spot answers, we shall greatly appreciate being advised and will be governed accordingly.

"Thanking you for your helpfulness and manifold courtesies."

534. On February 10, 1054 Weipert and Weipert by William Weipert wrote Rakow:

"We enclose for your files copy of a news article in yesterday's Monroe Evening News, showing that adequate publicity is being given to the announcement that the Voting Trust is closed to further subscription. We are informed that the letter to stockholders being issued by President Burton S. Knapp, to which our letter of yesterday referred, will go into the mail today. We will send you a copy tomorrow, or later today if received from the printer in time."

535. On February 10, 1954 Rakow wrote William Weipert:

"Re: Monroe Paper Products Company

"Dear Bill:

"Our Cleveland office was unable to locate copies of prospectuses with respect to a public offering of voting trust certificates pursuant to an F-1 registration statement. I therefore have referred the request to the Washington office, and will get in touch with you as soon as I hear from them.

"Thank you for sending me the supplementary information, copies of which have been forwarded."

* * *

539. On February 9, 1954 Francis received $3,050 of Monroe funds.

540. The payment to Francis referred to in request 539, ante, was upon the okay of Raney.

541. The payment to Francis referred to in request 539, ante, was made prior to receipt of any invoice from Francis for the same.

542. Subsequent to the payment referred to in request 539, ante, Monroe received an invoice from Francis dated February 9, 1954 for $2,000 legal services in full to date, $1,000 for a retainer in the litigation herein and $50 for out-of-pocket expense, total $3,050.

* * *

549. On February 9, 1954 Knapp, Raney, Blum and Leathers conferred as to the SEC investigation into the voting trust.

550. On February 10, 1954 William Weipert told the Monroe State Savings Bank to go ahead and issue voting trust certificates.

551. The instruction to the Monroe State Savings Bank referred to in request 550, ante, was:

(a) Pursuant to the decision of the voting trustees.

(b) Upon the advice of Francis.

(c) Upon the advice of Weipert and Weipert.

(d) Pursuant to a decision of the voting trustees that deposit of the undeposited stock of stockholders who had signed up for the voting trust should be secured notwithstanding the pendency of plaintiffs' action herein and of the SEC investigation.

* * *

554. On February 11, 1954 Case, as Treasurer of a Stockholders' Committee, gave Marion Guettler $100 to apply to Monroe's petty cash fund to cover the cost of stamps used for mailing Stockholders' Committee letters.

555. On February 12, 1954 Case, as Treasurer of a

Stockholders' Committee, gave Marion Guettler $7.96 to cover the cost of revenue stamps for stock certificates.

556. On February 11, 1954 Case, as Treasurer of a Stockholders' Committee, gave William Weipert a check for $3,000 to apply on account of legal services in the preparation and solicitation for the voting trust.

557. The $3,000 check referred to in request 556, ante, was that of Raney.

558. The $100 referred to in request 554, ante, was that of Knapp.

559. The $7.96 referred to in request 555, ante, was that of Raney.

560. On or about February 11, 1954 Guettler returned Monroe's bill for January telegraph services to the telegraph company with the notation "SC" as to certain items thereon and requested the company to rebill such items to a Stockholders' Committee and remove them from Monroe's account.

561. On March 2, 1954, Case, as Treasurer of a Stockholders' Committee, paid the telegraph company for the items referred to in request 560, ante.

562. On or about February 13, 1954 Blum turned Monroe's bill for January telephone services over to Monroe's employee Kohler and requested that she designate thereon the long distance calls that had been made in connection with the voting trust.

563. On or about February 13, 1954 Monroe's bill for

January telephone services was returned to the telephone company with request that the designated long distance calls be rebilled to the account of Weipert and Weipert and a revised bill be issued to Monroe.

564. Pursuant to the request referred to in request 563, ante, the telephone company issued a revised bill to Monroe and billed $117.25 of long distance calls to the account of Weipert and Weipert.

565. On April 5, 1954 the $117.25 of calls referred to in request 564, ante, were paid for by Case, as Treasurer of the Stockholders' Committee.

* * *

569. Monroe was not reimbursed for any of the expenses of the printing and mailing of Deposition Exhibit 2.

570. On February 15, 1954 Raney requested Clark, Klein, Brucker & Waples to rebill their January 15, 1954 charge to Monroe for their services in connection with the voting trust to a stockholders' committee.

* * *

573. On February 17, 1954 Francis, Sempliner and Weipert instructed Knapp on the taking of his deposition herein not to answer any questions relating to the voting trust.

* * *

576. On February 27, 1954 Weipert and Weipert by William Weipert wrote the Michigan Corporation And Securities Commission that "If it is determined that the voting trust involves an issuance subject to registration, or that serious question exists as to whether it might be, steps will be taken to register."

* * *

582. Huber did not contribute any funds to pay voting trust expenses except $75 on April 21. 1954.

* * *

584. The only persons who contributed to pay voting trust expenses were Knapp, Raney, Blum, Leathers, Bennett, Case, Robertson, McMahon, Kirby, Gutmann, Zeller and Huber.

585. With the exception of Huber all of the persons referred to in request 584, ante, were employed by Monroe.

586. Bonuses or overtime compensation for the year 1954 were paid with Monroe funds to Raney, Blum, Bennett, Robertson, Kirby, Gutmann and Zeller.

587. On March 9, 1954 Boudinet, the trust officer of the Monroe State Savings Bank, testified on his deposition herein that no voting trust certificates were being issued because of the agreement between counsel and (William) Weipert's instructions to the bank on February 23, 1954.

588. On March 9, 1954 at the taking of his deposition herein Boudinet produced only a few of the stock certificates for Monroe stock which had been received from Monroe stockholders but as to which voting trust certificates had not been issued.

589. On March 10, 1954 the Monroe State Savings Bank issued 55 voting trust certificates for 10,425 shares of Monroe stock.

590. The certificates referred to in request 589, ante, were issued on the instructions of William Weipert.

591. A large number of the voting trust certificates referred to in request 589, ante, were delivered through the United States mails.

592. On March 17, 1954 the Monroe State Savings Bank issued voting trust certificates as to stock owned by Sempliner's mother.

593. Upon issuance of the certificates referred to in request 592, ante, voting trust certificates were, for the first time, issued as to a majority of Monroe's outstanding stock.

594. The Monroe State Savings Bank continued to issue voting trust certificates and to use the United States mails for delivery thereof until June, 1954.

595. The Monroe State Savings Bank used the mails to attempt to perfect deposits of stock under the voting trust during August, 1954.

596. On March 17, 1954 Sempliner and William Weipert conferred with members of the SEC staff in Washington, D. C.

* * *

598. At the March 17, 1954 conference referred to in request 596, ante, Sempliner and William Weipert furnished to the SEC a list of "Out Of Town Stockholders" of Monroe, stating names and addresses and numbers of shares, and purporting to state when and how their stock had been acquired.

598(a). The list referred to in request 598, ante:

(a) Had been prepared by Monroe employees.

(b) Had been signed by Blum on March 16, 1954.

(c) Contained the names of some of those who had purchased stock through the escrow arrangement.

(d) Made no disclosure of or reference to the escrow arrangement.

(e) Represented that those who had, in fact, acquired stock through the escrow arrangement had acquired their stock from former stockholders of Monroe.

* * *

600. On March 19, 1954 William Weipert visited Monroe's office in the afternoon and reported as to his conference with the SEC in

Washington.

601. On March 22, 1954 William Weipert worked on a registration statement for registration of the voting trust under the Securities Act of 1933.

602. On March 26, 1954 William Weipert worked on the registration statement for registration of the voting trust under the Securities Act of 1933.

603. On March 27-28, 1954 William Weipert telephoned Francis, Knapp and Raney concerning the registration of the voting trust under the Securities Act of 1933.

604. On March 23, 1954 William Weipert prepared for Sempliner a copy of, and notes on, a registration statement to register the voting trust under the Securities Act of 1933.

605. On March 24, 1954 William Weipert telephoned Rakow and stated that he planned to prepare and file a registration statement as to the voting trust on Form F-1 and that at the suggestion of a member of the SEC staff he had examined the file in a prior matter which involved a rescission of transactions effected in violation of the Securities Act and a re-offering pursuant to a registration statement.

606. Prior to March 25, 1954 Rakow had made available to William Weipert a copy of the prospectus used by the Consolidated Laundries Corporation.

607. On March 31, 1954 And April 1, 1954 William Weipert worked on and completed a draft of a prospectus and of a letter of transmittal for registration of the voting trust under the Securities Act of 1933,

and forwarded the same to Sempliner and to Raney.

608. On April 2, 1954 William Weipert conferred in Detroit with Francis, Sempliner, Raney, Knapp and Leathers as to registration of the voting trust.

609. On April 12, 1954 Sempliner and William Weipert conferred with Rakow as to the filing of a registration statement for the voting trust.

610. On April 14, 1954 Sempliner presented drafts of a registration statement, prospectus and offer of rescission to members of the SECs staff at Washington.

611. On April 15, 1954 Knapp and Raney conferred with Clark, Klein, Brucker & Waples as to registration of the voting trust and furnished said firm with a copy of a proposed prospectus.

612. On April 16, 1954 Clark, Klein, Brucker & Waples conferred as to registration of the voting trust and reviewed the proposed prospectus.

613. On April 19, 1954 William Weipert conferred with Francis, Knapp, Raney and Leathers as to:

(a) Registration of the voting trust.

(b) Monroe stock and voting trust certificate purchases being made through Harry J. Seitz.

(c) Monroe stock purchases being made by Waterbury.

(d) The advisability of Francis attempting to have the Court restrain Waterbury from making further stock or voting trust certificate purchases.

(e) The views of Clark, Klein, Brucker & Waples as to registration of the voting trust.

* * *

Plaintiffs' Requests for Admissions of Fact

615. On May 21, 1954 William Weipert conferred with Knapp as to registration of the voting trust.

616. In the conference referred to in request 615, ante, there was discussed:

(a) Monroe stock and voting trust certificate purchases being made through Harry J. Seitz.

(b) Monroe stock and voting trust certificate purchases being made by Waterbury.

(c) Rakow's visit to the Monroe State Savings Bank on May 20, 1954.

617. During May, 1954 the voting trustees decided:

(a) Not to register the voting trust under the Securities Act of 1933.

(b) Not to offer return of the deposited stock to Monroe Stockholders who had deposited stock under the voting trust.

* * *

624. In late February or early March, 1954 Seitz received from Raney two lists of Monroe stockholders owning a total of approximately 6,500 shares.

625. In late February or early March, 1954 Seitz sent out postcards to those stockholders whose names appeared on the lists referred to in request 624, ante.

* * *

627. From March 1, 1954 to June 3, 1954 Rockton Paperboard Co. furnished $45,000 to the Monroe State Savings Bank for Seitz's account.

* * *

630. Between March 12, 1954 and July 29, 1954 Seitz purchased at $15 a share 1,040 shares of Monroe stock and 1,848-1/2 shares of voting trust certificates.

631. In making the purchases referred to in request 630, ante, Seitz expended all except $260 of the $45,000 furnished by Rockton.

* * *

634. On April 7, 1954 Seitz reported his purchases to Raney.

635. On July 12, 1954 Seitz reported his purchases to Rockton.

636. On July 16, 1954 Seitz reported his purchases to the Chicago bank.

637. On or about June 1, 1954 a stock certificate as to the 1,040 shares of stock purchased by Seitz was issued in Rockton's name but was delivered to the Monroe State Savings Bank by Guettler.

638. Guettler's act referred to in request 637, ante, was upon instructions from Raney.

639. Voting trust certificates purchased by Seitz were also delivered to the Monroe State Savings Bank by Guettler.

640. The act of Guettler referred to in request 639, ante, was done on instructions from Raney.

641. All of the stock and voting trust certificates purchased by Seitz were, in May, 1955, still held by the Monroe State Savings Bank.

* * *

644. On March 1, 1954 Francis invoiced Monroe for $5,000 on account re the litigation herein and $500 on account re the expenses of said litigation.

* * *

646. On March 2, 1954 Francis was paid $5,500 of Monroe funds upon Raney's okay.

* * *

648. On August 30, 1954 Francis invoiced Monroe for $4,500 as a balance for services re the litigation herein, $586.91 as a balance for expenses re the litigation herein and $1,500 for other legal services.

* * *

650. On September 22, 1954 on Raney's okay and on the approval of only the directors Knapp, Raney, Blum and Sempliner Francis was paid $6,586.91 of Monroe funds.

652. Of the 40 days of depositions taken by plaintiffs and by defendants in Detroit and Monroe, Francis attended on 36 days, Sempliner on 20 and William Weipert on 16.

653. Of the 40 days of depositions taken by plaintiffs and by defendants in Detroit and Monroe Francis was the only non-plaintiff attorney who attended on 11 days.

654. $4,849.88 of Monroe funds were used on Raney's okay to pay for stenographic services and to retain associate counsel on depositions taken by Francis and the individual defendants and to purchase deposition transcripts for defendants.

655. The total bills ultimately received by the stockholders' committee as to the voting trust exceeded $6,500.

656. In June, 1954 the stockholders' committee had $1,901.05 on hand but Weipert's bill was unpaid to the extent of $3,000.

* * *

658. On June 30, 1954 Knapp, Raney, Blum, Leathers, Francis, William Weipert and Cook, the President of the Monroe State Savings Bank, conferred at the SEC office in Detroit with Hart, Regional Administrator of the SEC and Rakow.

659. The conference referred to in request 658, ante, was requested by the SEC.

660. Prior to requesting the conference referred to in request 658, ante, Hart had conferred with Holden, Assistant Director of the Division of Trading and Exchanges of the SEC, and Eisenhart and O'Leary, Assistant Directors of the Division of Corporate Finance of the SEC.

* * *

662. The conference referred to in request 658, ante, was

called by Hart to make a final effort to determine whether the voting trustees intended to file a registration statement.

663. At the conference referred to in request 658, ante, Hart stated that it was understood by the SEC as a result of the first Washington conference that the voting trustees would make a reoffering of the voting trust certificates pursuant to a registration statement coupled with an offer to rescind the prior transaction.

664. At the conference referred to in request 658, ante, William Weipert admitted to Hart that the voting trustees had fully intended to proceed with the filing of a registration statement coupled with an offer to rescind the prior transaction and would have done so except for subsequent action by the so-called Waterbury group.

665. The subsequent action referred to in request 664, ante, was the purchase of Monroe stock and stock as to which voting trust certificates had been issued.

666. On June 30, 1954 the voting trustees were unwilling to offer rescission to the voting trust depositors because of the possibility that Waterbury had purchased, or would be able to purchase, sufficient Monroe stock to prevent reconsummation of the voting trust as to a majority of Monroe's outstanding stock.

667. At the conference referred to in request 658, ante, Francis made a lengthy presentation supplemented by data which Cook furnished with records of the Monroe State Savings Bank.

* * *

669. At the conference referred to in request 658, ante, Francis represented to the SEC that the voting trustees had initiated the

solicitation in good faith in reliance upon a legal opinion dated November 25, 1953 addressed to Mr. George J. Huber, Chairman of the Stockholders Committee of Monroe and signed by George H. Klein, a member of Clark, Klein, Brucker & Waples.

670. The legal opinion referred to in request 669, ante, was Deposition Exhibit 30 herein.

671. A copy of the legal opinion which is Deposition Exhibit 30 was shown to the SEC at the conference referred to in request 658, ante.

672. It was not disclosed to the SEC at the conference referred to in request 658, ante, that Deposition Exhibit 30 was not written until more than one month after the initiation of the solicitation for the voting trust.

673. At the conference referred to in request 658, ante, Francis urged the SEC not to take action against the voting trustees.

674. At the conference referred to in request 658, ante, Francis stated that after Groesbeck's death he had become a passive party to a pool which had acquired some of Monroe's stock to be sold as a control block along with the 32,000 shares of Monroe stock in Groesbeck's estate.

675. In the conference referred to in request 658, ante, Francis stated that he had broken with his associates when the National Container proposal fell through.

676. At the conference referred to in request 658, ante, Francis stated that the only intelligible information which had ever been furnished the public stockholders of Monroe had been the condensed

balance sheet and summary of profit and loss which had accompanied the notice of Monroe's annual meeting of September 23, 1953.

677. At the conference referred to in request 658, ante, Raney stated that it had not been figured out to what extent the new appraisal figures referred to in the December 31, 1953 letter of solicitation increased the book value of $10.32 a share shown at the foot of the balance sheet referred to in request 676, ante.

678. At the conference referred to in request 658, ante, the voting trustees stated that they would be willing to sell the deposited block of stock at $15.00 a share if Waterbury would make such an offer.

679. At the conference referred to in request 658, ante, Knapp complained as to Waterbury's attempts to purchase the stock of voting trust depositors Larrow and Sandroff.

680. At the conference referred to in request 658, ante, Hart stated that information obtained in the course of the SEC investigation revealed that shareholders had surrendered their stock without having the material information which would have been required in a statutory prospectus.

681. At the conference referred to in request 658, ante, Hart stated that in at least one instance an agent of Monroe's management had used extremely questionable tactics in obtaining the signature of an elderly woman to the Trust Agreement.

682. At the conference referred to in request 658, ante, Hart pointed out that certain statements in the December 31, 1953 letter appeared to be materially misleading.

683. At the conference referred to in request 658, ante, William Weipert stated that the stockholders could have gotten correct information by reading the trust agreement.

684. At the conference referred to in request 658, ante, Hart or Rakow stated that the SEC investigation had developed that stockholders were unable to understand the legal phraseology of the voting trust agreement.

* * *

686. At the conference referred to in request 658, ante, Knapp stated that he had read the voting trust agreement but did not understand until later that one paragraph of it gave the trustees the right to sell out their own certificates.

687. At the conference referred to in request 658, ante, it was stated to the SEC that one of the members of the firm of Clark, Klein, Brucker & Waples was former Governor Brucker who was counsel to the Department of Defense.

688. At the conference referred to in request 658, ante, it was stated to the SEC that the voting trustees had consulted Clark, Klein, Brucker & Waples on the form of registration statement and prospectus for registration of the voting trust.

689. At the conference referred to in request 658, ante, Francis stated that the trustees would appreciate the opportunity to have a final conference in Washington, and if possible to present their side to the Commission itself.

690. On July 2, 1954 William Weipert wrote the SEC that all of the stock deposited under the voting trust had been offered for sale to plaintiffs at $17.00 a share and that plaintiffs had refused to purchase the

same at $17.00 or even at $15.00.

* * *

692. On July 2, 1954 William Weipert wrote the SEC that: "We would like also to repeat our request that we be notified and given an opportunity of appearing before the Commission in the event that court action should be considered necessary, if such privilege can be afforded."

693. On August 4, 1954 Knapp, Raney, Blum, Sempliner, William Weipert and Francis met with the Securities Exchange Commission at Washington, D. C.

694. At the meeting referred to in request 693, ante, Sempliner delivered to the SEC the "Presentation" marked Trial Exhibit 263, herein.

695. Attached to the Presentation referred to in request 694, ante, were copies of the papers which have been marked Deposition Exhibits 30, 37, 59, 65, 113a and Trial Exhibit 16 herein.

696. At the meeting referred to in request 693, ante, William Weipert stated to the SEC that:

(a) The effort to sell to National Container had been defeated by giving Monroe stockholders the straight facts.

(b) With the exception of 41.4% all of the rest of the 98% of Monroe's stockholders who were represented at the annual meeting in September, 1953 voted for management.

(c) At the September, 1953 annual meeting an overwhelming majority of Monroe stockholders gave a vote of confidence in the five men who were the voting trustees.

(d) The voting trust as an answer to the majority's problem was first suggested in November, 1953 by a prominent Detroit firm of corporation lawyers to whom a group of local stockholders applied for advice.

(e) The firm referred to in request 696(d), ante, was the well known Detroit firm of Clark, Klein, Brucker & Waples and that probably known to all of the Commission was former Michigan Governor Wilbur Brucker of that firm, presently counsel of the Defense Department there in Washington.

(f) The Brucker firm had outlined in a long letter the requirements and the perfect legality of a voting trust but, unfortunately, it had said not a word about SEC registration.

(g) The letter referred to in request 696(f), ante, would be given to the SEC by Sempliner.

(h) The Brucker office legal opinion was turned over to Weipert and he was employed by a committee of stockholders to draft the voting trust instrument.

(i) When Sempliner and William Weipert came to Washington on March 17, 1954 the conclusion was reached that the simplest, most satisfactory and safest way out of the situation, including the pending litigation, would be to register the voting trust there and then.

(j) When Sempliner and William Weipert came to Washington on March 17, 1954 they were informed that registration of the voting trust in order to be acceptable to the Commission would probably have to contain a provision in the prospectus allowing depositors to withdraw from the voting trust for a certain fixed period.

(k) In March, 1954 a registration statement and prospectus were prepared but when it was about ready to be processed it became impossible because of purchases made by Waterbury.

(l) If Waterbury were allowed to withdraw the shares it had purchased from the voting trust the trust would be defeated, control lost, and the remaining 49% of the stockholders left out in the cold without a market or a possibility of a future market.

697. At the meeting referred to in request 693, ante, Francis answered questions of the Commission.

698. At the meeting referred to in request 693, ante, Francis sought to dissuade the Commission from action against the voting trustees.

699. Francis' expenses and services in connection with the

meetings referred to in requests 658 and 693, ante, were paid for with Monroe funds.

* * *

701. At the meeting referred to in request 693, ante, William Weipert delivered the argument which has been marked Trial Exhibit 297 herein.

702. Shortly following the meeting referred to in request 693, ante, Holden requested that William Weipert furnish him with the date on which the last voting trust certificate was issued and with the dates on which voting trust certificates had been issued from March 17, 1954 to August 4, 1954.

703. On August 5, 1954 William Weipert remained in Washington, D.C.

704. On September 9, 1954 Sempliner furnished the Michigan Corporation and Securities Commission with a copy of the "Presentation" which he had filed with the SEC.

705. On September 9, 1954 Sempliner wrote the Michigan Corporation and Securities Commission the letter which has been marked Trial Exhibit 274 herein.

706. On August 9, 1954 Weipert and Weipert by William Weipert wrote the SEC:

(a) Disclosing that on March 17, 1954 a voting trust certificate for 3,296 shares was issued to Dorothy L. Kampe, a sister of Leathers and a voting trust certificate for 7,203 shares was issued to Ida M. Sempliner, Sempliner's mother.

(b) Disclosing that the certificates referred to in request 706(a), ante, totaling 10,499 shares were included in the 51-1/2% plus of Monroe's outstanding stock which

Sempliner and Weipert had represented to the SEC on March 17, 1954 as being deposited under the voting trust agreement for which voting certificates were issued and outstanding.

(c) Disclosing that from March 19, to June 28, 1954 632 shares of Monroe stock had been deposited under the voting trust and 5 voting trust certificates issued therefor.

707. On August 13, 1954 Weipert and Weipert by William Weipert wrote Rakow that:

(a) As to the escrow arrangement, "As you know, no effort, publicized or otherwise, was made to persuade stockholders to sell; rather the opposite, for at the beginning little money was available for purchases, and at no time were enough funds available to purchase many additional shares. As those wishing to sell increased, additional funds were subscribed."

(b) Subsequent to November 18, 1953 10,836 shares of Monroe stock had been purchased "For Waterbury Interests" by Waterbury, Banta and Kunkel but with notation that the 4,000 of these shares purchased by Kunkel was not actually a sale.

(c) Subsequent to November 18, 1953 2,304-1/2 shares of Monroe stock had been purchased "For Management Interests", 99 shares by Raney, 100 by H. Rosen & Sons, 100 by Burton & Nancy Rosen, 19 by Roger O. and/or Margaret Jane Case, 726-1/2 shares by Robert J. and/or Joan Marie Brennan, 100 by Thomas Paper Stock Company and 1,040 by Rockton Paperboard Company.

(d) As of August 12, 1954 10,913-1/2 voting trust certificates had been purchased by Waterbury Corrugated Container Company.

708. The letter referred to in request 707, ante, did not disclose any purchases of voting trust certificates by:

(a) Harry J. Seitz.

(b) Rockton Paperboard Co.

(c) Monroe State Savings Bank.

(d) Management Interests.

(e) Anyone other than Waterbury Interests.

709. On September 13, 1954 Sempliner telephoned Holden of the SEC for an appointment in Washington, D. C. to discuss the voting trust.

710. On September 14, 1954 Sempliner conferred at Washington, D. C. with William H. Timbers, General Counsel for the SEC, Harold C. Patterson, Director of the SEC, Walter G. Holden, Assistant Directors of the SEC Division of Trading and Exchanges, Alexander Cohen, Special Counsel for the SEC and Edward H. Rakow, an attorney for the SEC.

711. At the conference referred to in request 710, ante, Sempliner stated to the SEC that:

(a) Approximately 52.6% of Monroe's outstanding stock was held by the Monroe State Savings Bank as depository under the voting trust agreement.

(b) Voting trust certificates had been issued and delivered to the depositors in exchange for all of the shares referred to in request 711(a), ante.

(c) In compliance with the stipulation entered into between the parties to the litigation herein no steps had been taken to transfer the deposited stock into the names of the voting trustees.

(d) Waterbury owned undeposited stock and voting trust certificates representing about 49% of Monroe's outstanding shares.

(e) There were about 3,000 undeposited Monroe shares held by persons who had been stockholders for a long period of time and who had not dealt with either the management or Waterbury.

(f) In addition to the shares referred to in request 711 (e), ante, owners of approximately 1,000 shares who subscribed to the voting trust agreement prior to February 9, 1954 when the trustees declared it closed to further participation had failed to send in their stock for exchange.

(g) About 350 shares of Monroe stock were on deposit with the Monroe State Savings Bank but voting trust certificates had not been issued therefor due to the fact that the owners had failed to endorse their certificates or had signed them in the wrong place.

(h) Approximately 500 shares of Monroe stock were on deposit with the Monroe State Savings Bank and were properly endorsed but voting trust certificates had not been issued and delivered therefor.

(i) The voting trustees felt they owed a duty to take all possible steps to see to it that persons who had subscribed to the voting trust agreement and had failed to send in their shares do so at once in exchange for voting trust certificates.

(j) The voting trustees felt they owed a duty to issue voting trust certificates to those who had sent in the unendorsed stock as soon as their certificates were in proper form.

(k) The voting trustees felt they owed a duty to issue voting trust certificates to the other depositors who had responded to the original solicitation but for some reason had not been issued certificates.

* * *

713. At the conference referred to in request 710, ante, Sempliner inquired whether the SEC would be willing to act as mediator in an effort to arrive at a settlement of the litigation with Waterbury.

714. At the conference referred to in request 710, ante, Sempliner stated that if the SEC would be willing to act as a mediator he was prepared to propose for consideration by the SEC a plan whereby a consent judgment would be entered setting aside the voting trust on condition that Waterbury agreed to buy all of the deposited stock except that owned by members of management at $15.00 a share and that it would also be agreeable to the voting trustees if the SEC would name four "public" members of the board of director of Monroe.

715. On October 9, 1954 the SEC advised the parties hereto that the SEC had decided not to take any action at that time, although it

would keep the matter under surveilance.

* * *

717. Monroe's monthly reports to its directors show the following: (figures listed in the chart at pages 104b-105b, post)

Date	Inventory	Cash & Securities	Net Sales	Operation Profit	Net Profit Before Taxes	Traveling	Insurance	Stationery & Printing	Communicatic
1953									
Jan.	$161,019.29	$761,340.86	$294,500.68	$45,462.71	$43,063.55	$ 163.24	$1,333.33	$492.96	$ 756.91
Feb.									
March	154,124.41	809,906.48	277,029.09	43,329.19	41,828.30	258.01	1,333.33	788.15	774.34
April	152,601.19	880,808.75	282,590.49	45,309.23	42,976.35	276.87	1,333.33	208.34	794.91
May	172,083.32	905,792.41	272,727.98	41,434.73	39,211.49	44.10	1,333.33	397.59	813.67
June	261,179.45	730,706.11	433,287.16*	26,907.90*	25,731.43*	2,033.71*	3,797.18*	(391.57)*	602.97*
July									
August	251,147.19	825,411.97	275,306.89	33,293.08	30,900.00	209.69	1,333.33	968.52	1,255.51
Sept.	258,584.26	732,859.11	239,007.19	31,417.39	29,580.65	0	1,333.33	169.01	921.95
Oct.	266,435.10	744,526.51	256,687.57	35,744.89	33,994.27	93.38	1,333.33	795.31	997.99
Nov.	320,686.69	783,859.24	212,468.03	27,438.32	25,099.33	97.32	1,333.33	816.92	776.26
Dec.	332,860.33	636,820.48	197,692.69	20,710.17	19,649.50	27.59	1,333.33	595.76	721.91
1954									
Jan.	336,735.22	573,970.85	227,855.73	24,552.46	23,363.16	46.14	1,333.33	336.63	949.42
Feb.	369,308.19	579,190.62	205,811.89	21,563.46	17,802.29	63.24	1,333.33	575.60	713.81
March	429,173.16	464,483.60	208,570.30	13,479.62	10,473.26	71.93	1,333.33	430.32	992.71
April	472,763.96	433,700.35	197,133.90	6,185.20	4,516.13	379.87	1,333.33	583.48	625.00
May	480,902.16	422,434.16	209,764.14	10,398.16	8,954.26	34.50	1,333.33	346.50	568.39
June	502,235.57	375,042.38	229,204.52	4,847.17	3,226.51	38.88	1,333.33**	252.20***	646.46****
July	530,698.52	382,507.08	175,618.12	9,531.80	3,522.50	184.05	1,623.02	280.08	640.31
August	558,751.44	397,854.37	205,154.21	18,635.21	12,480.81	20.33	1,623.02	457.05	556.76
Sept.	545,069.20	358,156.13	232,899.43	27,208.59	21,836.61	119.93	1,623.02	133.41	532.55
Oct.	527,361.25	398,724.71	257,337.69	31,602.07	26,820.18	453.48	1,623.02	352.55	580.84
Nov.	522,389.08	418,811.20	263,538.18	26,745.19	21,158.32	12.05	1,623.02	173.62	381.13
Dec.	510,982.48	425,553.73	278,927.42	34,902.63	28,279.60	103.24	1,623.02	265.36	685.22
1955									
Jan.	511,054.79	430,920.94	270,834.35	23,978.30	19,509.25	76.66	1,623.02	275.13	697.56
Feb.	499,942.75	414,422.89	266,498.70	15,397.38	8,910.35	192.10	1,623.02	376.10	568.98
March	498,633.40	435,608.05	277,930.58	16,930.83	9,911.92	27.68	1,623.02	342.37	677.99
April	471,341.48	488,134.74	281,070.37	20,634.43	13,534.08	36.70	1,623.02	442.64	612.88
May	463,568.79	509,745.04	284,551.45	15,972.50	9,700.27	98.04	1,623.02	1,291.03	596.42
June	499,790.12	512,062.07	478,918.55*	(70,616.43)*	(83,246.07)*	396.43*	9,290.37*	440.17*	2,347.78*

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*Only year-end report made. Figures arrived at by deducting 11 months totals from year-end totals and include year-end adjustments.

**Plus year-end adjustment of $2881.76.

***Plus year-end adjustment of $37.20.

****Plus year-end adjustment of ($810.47).

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Date	Inventory	Cash & Securities	Net Sales	Operation Profit	Net Profit Before Taxes	Traveling	Insurance	Stationery & Printing	Communication
1955									
July	$513,222.41	$481,153.51	$173,854.82	($10,987.82)	($19,178.25)	$545.10	$2,834.03	$294.92	$529.00
August	546,416.91	481,869.29	213,258.94	5,060.68	(1,648.03)	23.47	2,554.62	138.13	551.95
Sept.	533,125.73	419,310.30	243,665.64	21,528.48	14,007.66	92.25	2,869.65	370.82	611.34
Oct.	530,543.56	456,155.55	268,757.09	18,019.59	11,761.15	47.10	2,505.56	222.29	700.54
Nov.	527,281.08	507,870.27	290,468.35	14,699.24	9,059.44	87.05	2,551.60	396.93	612.31
Dec.	496,151.53	486,358.30	279,896.19	12,162.72	5,817.19	172.37	1,702.69	309.80	848.49
1956									
Jan.	488,449.50	475,711.01	278,830.82	12,134.25	5,098.50	69.48	3,618.41	341.41	797.34
Feb.	552,134.45	498,612.52	178,886.97	(9,120.01)	(16,550.49)	17.13	2,640.08	299.23	640.83
March	563, 757.17	446,403.68	217,550.49	2,022.14	(4,111.16)	137.47	2,810.43	502.89	611.97
April	595,008.50	453,863.82	199,680.79	530.70	(4,636.01)	90.07	2,161.53	922.78	760.89
May	658,394.14	458,985.80	145,940.31	(16,425.13)	(24,018.55)	71.59	2,576.35	175.17	650.67
June	604,477.61	387,727.53	178,678.28	(11,836.76)	(35,966.93)	103.55*	1,570.64**	214.91***	640.39****

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*Plus year-end adjustment of ($488.12).

**Plus year-end adjustment of $912.45.

***Plus year-end adjustment of ($128.12).

****Plus year-end adjustment of ($233.43).

718. Raney handles the ordering of waste paper from Thomas Paper Stock Company.

719. Raney had charge of Monroe's dealings with:

(a) Alvin E. Sandroff.

(b) Thomas Paper Stock Company.

(c) Rockton Paperboard Co.

719(a). Monroe ordered from Thomas Paper Stock Company:

(a) 3 carloads Dbl. Lined Kraft Corr. Ctgs., price $38 per ton delivered, for delivery in January, 1953.

(b) 8 carloads Double Lined Kraft Corr. Ctgs., price $45 per ton delivered, for delivery in February, 1953.

(c) 12 carloads Double Lined Kraft Corr. Ctgs., price $45 per ton delivered, for delivery in March, and April, 1953.

(d) 6 carloads Double Lined Kraft Corr. Ctgs., price $45 per ton delivered, for delivery in May, 1953.

(e) 4 carloads Double Lined Kraft Corr. Ctgs., price $45 per ton delivered, for delivery in June, 1953.

(f) 4 carloads Double Lined Kraft Corr. Ctgs., price $50 per ton delivered, for delivery in July, 1953.

(g) 2 carloads, Double Lined Kraft Corr. Ctgs., price $50 per ton delivered, for delivery in August, 1953.

(h) 2 carloads, Double Lined Kraft Corr. Ctgs., price $50 per ton delivered, for delivery in September 1953.

(i) 15 carloads, Double Lined Kraft Corr. Ctgs., price $50 per ton delivered, for delivery in October, 1953.

(j) 11 carloads, Double Lined Kraft Corr. Ctgs., price $50 per ton delivered, for delivery in November, 1953.

(k) 11 carloads, Double Lined Kraft Corr. Ctgs., price $50 per ton delivered, for delivery in December, 1953.

(l) 16 carloads, Double Lined Kraft Corr. Ctgs., price $50 per ton delivered, for delivery in January, 1954.

(m) 3 carloads Old Corrugated Containers, price $20 per ton F.O.B. shpg. pt., for delivery in November, 1953, and 1 carload of Wrappers, price $20 per ton F.O.B. shpg. pt., for delivery in December, 1953.

(n) 31 carloads, #1 News, price $15 per ton F.O.B. Clev., Ohio, for delivery in January, February, March and June, 1954.

(0) 1 carload, Double Lined Kraft Corr. Ctgs., price $50 per ton delivered, for delivery in January, 1954.

(p) 15 carloads, Double Lined Kraft Corr. Ctgs., price $50 per ton delivered, for delivery in February, 1954.

(q) 26 carloads, Double Lined Kraft Corr. Ctgs., price $50 per ton delivered, for delivery in March, 1954.

(r) 35 carloads, Double Lined Kraft Corr. Ctgs., price $50 per ton delivered, for delivery in April, 1954.

(s) 29 carloads, Double Lined Kraft Corr. Ctgs., price $50 per ton delivered, for delivery in May, 1954.

(t) 20 carloads, Double Lined Kraft Corr. Ctgs., price $50 per ton delivered, for delivery in June, 1954.

(u) 9 carloads, Double Lined Kraft Corr. Ctgs., price $50 per ton delivered, for delivery in July, 1954.

720. The National Association Of Waste Material Dealers, Inc Waste Paper Standards and Practices Circular WP-54, approved by the Waste Paper Institute Division Of N. A. W. M. B. contains the industry standards as to trade practices and specifications in the purchasing of waste material.

721. The circular referred to in request 720, ante, is filed with the Bureau of Standards, Washington, D. C.

722. The document marked Trial Exhibit 47 is a copy of the circular referred to in request 720, ante, effective as of March 1, 1954.

723. Monroe received waste materials from Thomas Paper Stock Co. as follows:

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	TOTAL			KRAFT		OLD CORRUGATED		MIXED (including wraps)	
1953	Carloads-Tons		Price	Tons	Price	Tons	Price	Tons	Price
July	4	71	3,189.25	71	3,189.25				
August	1	19	985.20	19	985.20				
September	3	57	2,876.59	57	2,876.59				
October	6	106	5,300.38	106	5,300.38				
November	17	310	15,400.43	308	15,400.43	2			
December	16	304	12,740.78	255	12,740.78			49	
1954									
January	12	223	9,624.93	131	6,550.33	40	1,995.70	49	$1,015.11
February	41	689	23,668.55	351	17,588.50	39	665.45	298	5,430.48
March	22	395	14,592.66	242	12, 101.60	41	646.05	111	1,928.91
April	36	648	29,145.65	520	25,841.35	123	3,216.13	2	21.80
May	29	531	19,963.71	333	16,645.52	162	2,898.22	35	420.07
June	23	397	15,427.71	264	13,216.16	110	1,939.41	23	272.14
July	17	292	10,672.31	172	8,629.00	104	1,858.85	15	184.46
August	8	134	4,843.26	56	2,822.45	74	1,066.17	4	54.64
September	13	226	9,427.62	169	8,454.95	80	882.07	7	90.60
October	21	420	18;066.43	312	15,632.93	107	2,433.50	0	
November (to November 19)	10	190	9,164.39	177	8,824.15	14	340.24	0	

725. The number of tons of kraft, corrugated and mixed purchased and used by Monroe, and the part purchased from Thomas Paper Stock Co., all for the period July 1, 1953 through June 30, 1954 was as follows:

	KRAFT			CORRUGATED			MIXED*		
	Rec'd	Thomas	Used	Rec'd	Thomas	Used	Rec'd	Thomas	Used**
1953									
July	205	71	328	1,814	0	1,455	203	0	374
August	425	19	325	1,685	0	1,551	194	0	244
September	205	57	375	1,426	0	1,474	177	0	210
	835	147	1,028	4,925	0	4,480	574	0	828
October	216	106	263	1,602	0	1,687	191	0	373
November	386	308	335	1,660	0	1,293	159	0	159
December	307	255	160	1,198	0	669	88	49	54
	909	669	758	4,460	0	3,649	438	49	586
1954									
January	201	131	257	1,128	40	1,310	110	49	205
February	445	351	354	1,113	39	1,511	401	298	207
March	322	242	432	1,157	41	1,616	224	111	390
	968	724	1,043	3,398	120	4,437	735	458	802
April	701	520	264	1,075	123	1,231	73	1	90
May	486	333	281	799	162	1,115	84	35	45
June	416	264	488	578	110	1,471	63	23	56
	1,603	1,117	993	2,452	395	3,817	220	59	191

* Includes chip and mill wraps .

** Amount used in paper machine only. Additional amounts probably used in straw machine but no record furnished.

726. The Official Board Markets published prices for waste paper in Chicago and Detroit markets during the period January 30, 1954 through November 13, 1954 were:

	No. 1 Mixed		No. 1 News		Old Corrugated	
	Chicago	Detroit	Chicago	Detroit	Chicago	Detroit
1/30/54	12	9-10	17	14	20	18
2/6/54	12	9-10	17	14-15	20	18
2/13/54	12	9-10	17	14-15	20	18
2/20/54	12	9-10	17	15	20	18
2/27/54	12	9-10	17	14-15	20	18
3/6/54	8	6-10*	17	14-15	20	18
3/13/54	8	6	17	15	20	18
4/10/54	8	6	17	15	20	16
5/8/54	7	5	15	13-15	16	14
5/13/54	7	5-7	15	12-14	16	14

* Effective March 1, 1954

	No. 1 Mixed		No. 1 News		Old Corrugated	
	Chicago	Detroit	Chicago	Detroit	Chicago	Detroit
5/22/54	7	5-7	15	12-14	16	14
6/19/54	7	7	15	12	16	14
7/ 3/54	7	7	15	12	16	14
8/ 7/54	11	11	15	13	22	20
8/14/54	11	11	15	13	22	20
10/16/54	11	11	15	13	22	20
11/ 6/54	11	10-11	15	13	22	20-22
11/13/54	11	10-11	15	13	22	20-22

727. During 1953-1955 Alvin Sandroff:

(a) Was president of Thomas Paper Stock Company.

(b) Was an officer of Rockton Paperboard Co.

(c) Owned substantially all of the stock of Thomas Paper Stock Company.

728. Sandroff had unsuccessfully attempted to purchase Monroe stock:

(a) During the five years preceding Groesbeck's death.

(b) Following Groesbeck's death and prior to the escrow arrangement.

* * *

731. The raw materials used by Monroe for the manufacture of paper and paperboard products are largely wastepaper of the following types:

(a) Kraft, sometimes in the form of wood pulp or new or used kraft bags or used kraft corrugated boxes, but primarily in the form of cuttings and scrap from the manufacture of double lined kraft corrugated boxes.

(b) Old Corrugated, primarily in the form of used corrugated boxes.

(c) Mixed, consisting of unsorted used boxes, paper and paperboard but with less than 25% of soft stocks such as newspaper.

(d) News, consisting of newspapers.

(e) Beer Cases, consisting of beer cases.

732. Kraft is the most expensive waste paper raw material purchased in any substantial quantity by Monroe.

733. With minor exceptions, waste paper is received by Monroe in large compressed bales bound with wire.

* * *

735. To be up to standard bales of double lined kraft corrugated cuttings must not contain tar.

* * *

738. Use of deteriorated raw materials in the manufacture of paper result in higher shrinkage loss.

739. Use of odoriferous raw materials in the manufacture of paper incurs the risk that the product may also be odoriferous.

* * *

741. Prices in the Detroit area for the raw materials referred to in request 740, ante, were from July 1, 1953 to June 30, 1956, usually lower than prices in the Chicago area.

742. Freight to Monroe on waste paper materials from Detroit is less than one-half of freight to Monroe from Cleveland, Chicago, or Marion, Indiana.

* * *

746. Sandroff was one of the wastepaper dealers whose indictment was referred to at Monroe's stockholders' meeting of May 7, 1945.

747. From October 1, 1953 to November 19, 1954 the arrangement made by Raney as to the furnishing of waste paper materials by Thomas Paper Stock Company to Monroe was:

(a) No definite orders were given by Monroe or accepted by Thomas and neither company was legally obligated to ship or to receive.

(b) Thomas was to ship until Monroe "hollered".

(c) Substandard materials furnished by Thomas were to be accepted by Monroe at a downgraded classification and price.

(d) The expense of inspection and downgrading was to be borne by Monroe.

(e) Cars containing various grades of materials would be accepted by Monroe.

(f) Thomas was to be paid $50 a ton for all kraft.

* * *

752. During the first quarter of Monroe's fiscal year 1954 (July-September, 1953) Monroe received from Thomas eight carloads of wastepaper materials consisting entirely of 147 tons of double lined kraft corrugated cuttings as to which there was no downgrading for substandard materials.

753. The materials referred to in request 752, ante, appear on Monroe's cost records at $45 per ton.

754. The materials referred to in request 752, ante, were largely paid for by Monroe at $50 per ton.

755. Monroe paid all of its suppliers other than Thomas for kraft materials delivered at Monroe $40 to $45 a ton during July, 1953, $45 a ton during August, 1953 and $45 to $50 a ton during September, 1953.

756. The 147 tons of kraft materials referred to in request 752, ante, were approximately 17.6% of the total of 835 tons of kraft materials received by Monroe from all of its suppliers during the first quarter.

757. The total price of all shipments by Thomas to Monroe for the first quarter was $7,051.04, an average of $2,350.34 a month.

758. During the second quarter of Monroe's fiscal year, 1954 (October-December, 1953) Monroe received from Thomas 39 carloads

containing 669 tons of double lined kraft corrugated cuttings as to all except approximately two tons of which there was no downgrading for substandard materials.

759. The 669 tons of kraft materials referred to in request 758, ante, were approximately 73.6% of the total of 909 tons of kraft materials received by Monroe from all of its suppliers during the second quarter.

760. The total price of all shipments by Thomas to Monroe exclusive of the 49 tons of wraps for the second quarter was $33,441.59, an average of $11,147.19 a month.

761. During December, 1953 Monroe also received from Thomas 49 tons of "wraps."

762. The 49 tons referred to in request 761, ante, were invoiced by Thomas as "Old Corrugated Containers."

763. Substantially all of the 49 tons referred to in request 761, ante, were used by Monroe as "Mixed."

764. The 49 tons referred to in request 761, ante, were paid for by Monroe on April 26, 1954 at $10 per ton plus freight of from $5.68 to $8.01 per ton.

765. Monroe paid all of its suppliers other than Thomas for kraft materials delivered at Monroe $45 to $50 a ton during October, 1953, $40 to $43.80 a ton during November, 1953 and $43.80 during December, 1953.

766. During the third quarter of Monroe's fiscal year (January-March, 1954) Monroe received from Thomas 75 carloads

containing 724 tons of kraft.

767. During the third quarter of Monroe's fiscal year Monroe also received from Thomas 120 tons of substandard material that was invoiced to Monroe as kraft but was downgraded by Monroe's receiving department and was accepted as "old corrugated."

768. During the third quarter of Monroe's fiscal year Monroe also received from Thomas 450 tons of mixed and wraps.

769. The 724 tons of kraft materials referred to in request 766, ante, was 75% of a total of 968 tons of kraft materials which Monroe received from all suppliers during the quarter.

770. Thomas was paid $50 a ton for the kraft referred to in requests 758 and 766, ante.

771. Monroe paid all of its suppliers other than Thomas $43.80 per ton for kraft delivered at Monroe during the third quarter.

* * *

773. The 120 tons of material referred to in request 767, ante, included bales of material containing:

(a) Tar tapes.

(b) Chip.

(c) Straw.

(d) Cores.

(e) 25% moisture.

774. Chip, straw and cores are outthrows in old corrugated.

775. 25% moisture is cause for rejection of old corrugated.

776. Parts of the material referred to in request 767, ante, were paid for by Monroe:

(a) At special waste paper classifications and prices determined by Raney.

(b) At Chicago old corrugated prices which were 11% higher than Detroit old corrugated prices, plus freight of $8.01 per ton from Chicago which was $4.21 per ton higher than freight from Detroit.

* * *

778. Thomas was paid by Monroe for the 450 tons of mixed and wraps referred to in request 768, ante:

(a) Partially, as old corrugated, at more than $20 per ton.

(b) Partially, at $15 per ton plus freight of $5.68 per ton to $8.01 per ton.

(c) Partially, at $10 per ton plus freight of $5.68 per ton to $8.01 per ton.

779. During the third quarter of Monroe's fiscal year bona fide mixed:

(a) Was in over-supply in the Detroit area.

(b) Was readily available in the Detroit area.

(c) Decreased in price in the Detroit area, from $10 per ton to $6 per ton, plus $3.80 per ton for delivery to Monroe.

* * *

787. The total price of all shipments received by Monroe from Thomas during the third quarter, exclusive of the freight paid by Monroe on the substandard materials and the mixed and wraps, was $47,866.14, an average of $15,962.04 per month.

788. During the fourth quarter of Monroe's fiscal year (April-June, 1954) Monroe received from Thomas 88 carloads containing 1,117 tons of kraft materials.

789. The 1,117 tons of kraft materials referred to in request 788, ante, was approximately 69% of the total of 1,603 tons of the kraft

materials which Monroe received from all of its suppliers during the fourth quarter.

790. During the fourth quarter of its fiscal year Monroe also received from Thomas 395 tons of substandard materials that were downgraded by Monroe's receiving department and accepted as "old corrugated."

791. During the fourth quarter of Monroe's fiscal year Monroe also received from Thomas 59 tons of mixed.

792. Thomas was paid $50 a ton for all of the kraft referred to in request 788, ante.

793. Monroe paid all of its suppliers other than Thomas for kraft materials delivered at Monroe $43.80 a ton during April, 1954 and $35 to $43.80 a ton during May and June, 1954.

794. During the fourth quarter of Monroe's fiscal year Monroe failed to take kraft which was available from E. W. Marvin & Co., a Detroit supplier, at $35 a ton delivered at Monroe.

795. The material referred to in request 790, ante, included bales of material containing chip, straw and cores.

* * *

797. During the fourth quarter of its fiscal year Monroe refused to accept bona fide old corrugated available from Ford Motor Company.

798. The total price of all shipments by Thomas to Monroe during the fourth quarter was $64,537.07, an average of $21,512.33 a month.

799. From July 1, 1954 to November 19, 1954 Monroe received from Thomas 69 carloads containing 886 tons of kraft and also 349 tons of substandard materials that were downgraded by Monroe's receiving department and accepted as old corrugated.

* * *

801. Monroe paid all of its suppliers other than Thomas $35 to $43.80 a ton for kraft materials delivered at Monroe during the period July 1, 1954 to November 19, 1954.

802. The total price of all shipments received by Monroe from Thomas during the period July 1, 1954 to November 19, 1954 was $52,174.07.

803. Monroe paid no supplier other than Thomas more than $43.80 per ton for kraft materials delivered to Monroe during the calendar year 1954.

* * *

805. Double lined kraft corrugated cuttings are used by Monroe primarily in the manufacture of liner.

806. Liner is used by Monroe primarily in its corrugated box department.

807. Monroe's records as to the operation of its Corrugated Box Department show

July 1953 - June 1954

Year 1953	Net Sales	Tons	Net Profit	Profit /ton*
July	$ 93,592.32	586	$ 2,433.64	$4.15
August	121,122.86	732	17,018.69	23.25
September	109,138.19	649	14,120.58	21.76
October	132,485.65	766	18,357.97	23.97
November	104,878.25	629	13,167.02	20.93
December	85,741.79	544	5,439.38	10.00
1954				
January	$108,817.92	657	$14,483.97	$19.00
February	101,316.24	654	10,564.51	16.15
March	96,046.90	595	1,516.51	(5.52)
April	87,344.97	572	(575.80)	(1.00)
May	90,411.16	566	3,301.81	5.83
June	97,883.26	641	(2,104.21)	(3.28)

*red figures are in parentheses.

808. On March 16, 1954 Raney telegraphed Thomas "Necessary to reject cars GNO 52200 and NYC 102324. Inventory conditions will not allow us to unload."

809. On June 1, 1954 Raney telegraphed Thomas "Seven cars on track this morning. Mill not operating. Imperative you reconsign. Inventory top heavy and no room. Advise"

810. On June 21, 1954 Raney telegraphed Thomas "Insurance companies objecting to congested inventory. As advised previously please withhold any further shipments until notified. Please confirm."

811. On July 14, 1954 Raney telegraphed Thomas "After numerous requests please stop shipments. Insurance company threatening to cancel coverage on us. Directors criticizing size of inventory. Please acknowledge."

812. On March 16, 1954 inventory conditions at Monroe would not permit the unloading of the cars referred to in request 808, ante.

* * *

815. In reply to the telegram referred to in request 810, ante, Thomas telephoned Monroe that only eight carloads had been shipped during June against the standing order.

816. In reply to the telegram referred to in request 811, ante, Thomas telephoned Monroe that only 20 carloads totaling 300 tons had been shipped in June and only 6 carloads totaling 90 tons had been shipped to July 13.

* * *

818. Physical inventories were taken by Monroe at the end of each of its fiscal years 1953-1956.

819. Physical inventories of Monroe's waste paper materials

and roll stock were also taken by Swaney at the end of Monroe's fiscal years 1954-1956.

820. The accuracy of Monroe's inventory taken at the end of its fiscal year 1953 is not questioned.

821. Monroe's inventories taken at the end of its fiscal years 1953 and 1954 show:

	1953			1954		
WASTE PAPER	TONS	PRICE PER TON		TONS	PRICE PER TON	
Kraft	142		$42.54	1,025		$45.96
Old Corrugated	1225		21.16	4,012		18.86
Mixed	1084		13.50	751		11.52
News	639	3,090	16.60 $	298	6,086	11.90
Insulite	5		8.80	0		
Good Year Fibre	3		64.16	3		64.16
Lamp Black bags	8		26.92	30		26.76
Old hard and softmi	30		13.50	30		11.52
Old wet waste	45		6.60	45		6.60
Old KB board	145		14.06	145		14.06
Old Jute	10		15.12	10		15.12
Celetex	0			20		8.80
Wax Paper	0	246		3	286	9.80
Total tons		3,336			6,372	
Valued at			$71,288.71			$139,006.28

822. According to the company inventories referred to in request 821, ante:

(a) Monroe's inventory of kraft at the end of 1954 had increased 883 tons or 622% over its inventory at the end of 1953.

(b) Monroe's inventory of old corrugated at the end of 1954 had increased 2,787 tons or 227% over its inventory at the end of 1953.

(c) Monroe's inventory of mixed at the end of 1954 had decreased 333 tons or 30% from its inventory at the end of 1953.

(d) Monroe's inventory of news at the end of 1954 had decreased 341 tons or 53% from its inventory at the end of 1953.

(e) Monroe's total waste paper inventory had increased 3,036 tons or 91% over its inventory at the end of 1953.

* * *

Plaintiffs' Requests for Admissions of Fact

831. From January 1, 1953 until at least June 30, 1954 Monroe purchased from E. W. Marvin Company wastepaper materials which the E. W Marvin Company purchased from Ford Motor Company.

832. The price at which Monroe purchased the wastepaper materials referred to in request 831, ante, was based on the Detroit area price published the second Saturday of each month in The Official Board Market.

833. E. W. Marvin Company offered waste paper materials other than Ford Motor Company materials to Monroe at the following prices:

Date	Material	Price per Ton
November 5, 1953	Old Corrugated	$21.00 f. o. b. shipping point
November 9, 1953	" "	18.00 " " "
December 2, 1953	" "	16.00 " " "
December 2, 1953	Mixed	8.00 " " "
December 2, 1953	News	10.00 " " "
February 25, 1954	New Kraft Corrugated Clippings	40.00 delivered
March 9, 1954	Old Corrugated	14.00 f. o. b. shipping point
March 9, 1954	News	9.00 " " "
March 9, 1954	Mixed	6.00 " " "
March 9, 1954	Beer Stock	12.00 " " "
March 30, 1954	New Kraft Corrugated Cuttings free of all tar, tape, string and any foreign matter.	40.00 delivered
April 1, 1954	Double Line Kraft Corrugated Cuttings	35.00 delivered
June 16, 1954	Double Lined Kraft Corrugated Cuttings,, 150-200 tons per month.	35.00 delivered
July 1, 1954	Old Corrugated	16.00 f. o. b. shipping point
July 1, 1954	Mixed	8.00 " " "
July 1, 1954	Beer Stock	14.00 " " "
September 9, 1954	Double Lined Kraft Corrugated Cuttings	40.00 delivered

Date	Material	Price per Ton
December 8, 1954	Old Corrugated	18.00 f.o.b. shipping point
December 8, 1954	Mixed	10.00 " " "
December 8, 1954	News	13.00 " " "
December 8, 1954	Kraft	40.00 " " "

* * *

836. From January 3, 1953 through December 17, 1953 Monroe paid Thomas a total of $43,604.68 for waste paper materials that Thomas had invoiced to Monroe at a total of $44,716.33.

836(a). On the $43,604.68 of waste paper materials for which Monroe paid Thomas in 1953 and referred to in request 836, ante, the amount of downgrading was $498.03.

836(b). From January 4, 1954 through November 29, 1954 Monroe paid Thomas a total of $130,531.31 for waste paper materials that Thomas had invoiced to Monroe at a total of $158,169.43.

836(c) On the $130,531.31 of waste paper materials for which Monroe paid Thomas from January through November in 1954 and referred to in request 836(b), ante, the total amount of downgrading was $26,674.54.

* * *

839. Raney instructed Peat, Marwick, Mitchell & Co. not to communicate with Thomas Paper Stock Company and Shartle Brothers as to the balances owing by Monroe to said companies as of June 30, 1954.

840. According to Monroe's records approximately 40% of Monroe's total outstanding accounts payable on June 30, 1954 were payable to Thomas Paper Stock Company and Shartle Brothers.

841. As late as September 8, 1954 Raney advised Peat, Marwick, Mitchell & Co. that he was unwilling to sign letters of information concerning Monroe's inventories, purchase commitments, direct and

contingent liabilities and assets pledged, if any.

842. Monroe valued its inventories of wastepaper stock and manufactured rolls for the year ending June 30, 1954 at the cost of current purchases of waste paper and the cost of current manufacture of rolls, each without allowance for possible loss of utility due to deterioration.

* * *

854. The average weight, in pounds, of the bales of wastepaper materials furnished Monroe during the period July 1, 1953 through June 30, 1954 by various of its suppliers was:

Shipper	Double Lined Kraft Corrugated	Old Corrugated	Mixed	News
Thomas Paper Co.	707-1/2	866	1125	
Lincoln-Mercury		1368-1/2		
Capital W. P. Co.		911-1/2		
H. Rosen & Sons	839	761-1/2	1021-1/2	1399-1/2
Downriver S. I. &M. Co.	631-1/2	894-1/2	1195-1/2	1520
Fishman W. P. Co		977-1/2	968-1/2	
Cooper P. S. Co.		839		1450
Krass W. M. Co.		863-1/2	966-1/2	
Fisher Body D.		1193		
Marvin		842-1/2	880	

855. Payments made by Monroe to the postmaster during the years 1953 and 1954 were:

	1953	1954
January	$ 50.00	$204.67
February		50.00
March	52.00	.72
April	50.00	50.00
May	50.00	50.87
June	100.00	62.00
July	100.00	5.30

	1953	1954
August	376.60	
September	129.91	50.00
October	50.00	50.00
November	.50	100.00
December	56.00	

856. Monroe paid the Monroe Evening News $12 during October, 1953 and $480. during November, 1953.

857. The payments referred to in request 856, ante, were for advertising run by Monroe's management and stockholders' committee in opposition to the National Container offer.

858. In March 1954 Monroe paid Marion F. Guettler $23.70 for expense in connection with the litigation herein.

859. In October 1954 Monroe paid Raney $218.81 for expenses to Detroit and return, parking, etc.

860. In June or July, 1954, in addition to the $250 advance on expenses referred to in request 373, ante, Raney claimed the right to payment from Monroe for the following monthly expenditures:

August, 1953	$ 45.57
September, 1953	79.15
October, 1953	55.15
November, 1953	69.05
December, 1953	14.00
January, 1954	52.85
February, 1953	83.45
March, 1954	123.20
April, 1954	109.50
May, 1954	137.20
June, 1954	72.90
	$842.02

861. Raney received payment from Monroe for the expenditures referred to in request 860, ante.

862. The expenditures referred to in request 860, ante,

included expenditures made by Raney for

(a) Lunches for defendants and their attorneys on the taking of depositions herein.

(b) Trips to Detroit and parking in connection with the taking of depositions herein.

(c) Trips to Detroit and parking in connection with conferences as to the SEC investigation of the voting trust.

(d) Trips to Detroit and parking in connection with court proceedings herein.

863. Trial Exhibit 264 is a correct list of the attorneys who attended the depositions herein at Detroit and Monroe, Michigan and which were reported by Connolly, Whitman & Buckley.

864. Trial Exhibit 49 is a correct breakdown of the $35,066.14 of Monroe funds expended for legal and professional fees during Monroe's fiscal year ending June 30, 1954.

865. The past service obligation which Monroe obligated itself to pay in connection with its hourly employees pension plan was approximately $450,000 if the liability were funded over a thirty year period.

866. A saving of approximately $100,000 was possible by funding past service obligation referred to in request 865, ante, over a ten year rather than a thirty year period.

867. Monroe's pension consultant recommended that Monroe pay a full year's premium rather than a partial year's premium on the hourly employees pension plan for the year ending June 30, 1954.

868. A saving of about $2,380 to Monroe would have resulted had the advice referred to in request 867, ante, been followed.

869. Raney declined to follow the advice referred to in request

867, ante.

870. One of the reasons why Raney declined to follow the advice referred to in request 867, ante, was that Monroe's profits for the year ending June 30, 1954 were substantially less than its profits for the year ending June 30, 1953.

* * *

872. Neither of Monroe's pension plans were drafted by Sempliner.

873. Omission of Raney and Blum from Monroe's administrative employees pension plan would have reduced the cost thereof by approximately 25%.

874. Raney became 65 years of age on September 29, 1954.

875. The past service liability assumed by Monroe as to Raney's pension coverage was more than $40,000.

876. Trial Exhibit 407a was executed because the insurer as to Monroe's administrative employees pension plan:

(a) Had become concerned as to the wording of the board resolution by which a pension plan for Monroe's administrative employees was approved.

(b) Wanted some guarantee that if Raney should retire at or after reaching 65 years of age the insurer would be paid the cost of Raney's $450 a month annuity.

* * *

880. Holefca will receive more than $30,000 in commissions by reason of being the designated insurance agent under Monroe's pension plan.

* * *

882. Monroe converts a large part of the paper manufactured by it into corrugated and solid fibre boxes and other paper products.

883. Waterbury is located at Waterbury, Connecticut.

884. Waterbury does not manufacture paper.

885. Waterbury converts kraft paper into corrugated boxes used for shipping containers.

886. Franklin Paper Company is located at Holyoke, Massachusetts.

887. Franklin Paper Company manufactures paper.

888. Housantonic Corrugated Box, Incorporated is located at Stratford, Connecticut.

889. Housantonic does not manufacture paper.

890. Housantonic converts kraft paper into corrugated boxes.

891. Monroe sells primarily in the midwest area.

892. Monroe's only shipments to points east of Buffalo, New York during period since January 1, 1953 have been into Pennsylvania and into the western and central parts of New York state.

893. During the period since January 1, 1953 neither Waterbury Franklin nor Housantonic has made any sales in the midwest area.

894. During the period since January 1, 1953 Waterbury has made all of its sales within 50 miles of Waterbury, Connecticut.

895. During the period since January 1, 1953 Waterbury's only sales outside of the state of Connecticut have been to one account in Rhode Island and to a few customers located in New York state within two or three miles of the Connecticut border.

896. During the period since January 1, 1953 Waterbury has made no sales into Pennsylvania.

897. During the period since January 1, 1953 Housatonic has

made all of its sales within less than 100 miles of Waterbury, Connecticut.

898. During the period since January 1, 1953 Housatonic has made no sales into Pennsylvania.

899. During the period since January 1, 1953 Housatonic's only sales into New York have been to six customers located in eastern New York state.

900. During the period since January 1, 1953 Franklin has sold primarily in Massachusetts.

901. During the period since January 1, 1953 Franklin has made sales to only one New York customer and has made no sales into Pennsylvania.

902. There are at least 483 paper manufacturing concerns in the United States.

903. There are at least 772 active paper mills in the United States.

904. There are at least 50 paper mills located in the State of Michigan.

905. The paper mills located in the State of Michigan have a combined capacity of over 15,700,000 pounds per twenty-four hour period.

906. There are at least 4 paper mills located at Monroe, Michigan.

907. Consolidated Paper Company is located at Monroe, Michigan and has a capacity of at least 1,420,000 pounds per twenty-four hour period.

908. River Raisin Paper Co. is located at Monroe, Michigan and has a capacity of at least 1,200,000 pounds per twenty-four hour period.

909. Monroe is located at Monroe, Michigan and has a capacity of approximately 270,000 pounds per twenty-four hour period.

910. There are at least 114 paper mills located in New York state.

911. The paper mills located in New York state have a combined capacity of over 22,300,000 pounds per twenty-four hour period.

912. There are at least 57 paper mills located in the State of Massachusetts.

913. The paper mills located in the State of Massachusetts have a combined capacity of approximately 6,750,000 pounds per twenty-four hour period.

914. The Franklin Paper Company has a capacity of approximately 45,000 pounds per twenty-four hour period.

915. There are at least 84 converters of paper into paper products located in Michigan.

916. There are at least 23 converters of paper into paper products located in Detroit, Michigan.

917. There are at least 4 converters of paper into paper products located in Monroe, Michigan.

918. There are at least 450 converters of paper into paper products located in New York State.

919. There are at least 46 converters of paper into paper products located in Connecticut.

920. In excess of 5,500,000 tons of corrugated boxes are produced annually in the United States.

* * *

922. The combined annual production of corrugated boxes by Waterbury and Housantonic is approximately 20,000 tons annually or less than one-half of one per cent of the national total.

923. Monroe has encountered competition from:

(a) Consolidated.

(b) River Raisin.

(c) National Container.

(d) Ottawa River.

(e) Hinde & Dauch.

(f) Cleveland Container.

(g) Cleveland Corrugated.

(i) Carlton.

(j) Geer.

(k) Container Corporation.

(l) Blue Box.

(m) Ashtabula Corrugated.

(n) Union Bag.

(o) J.H. Stone.

(p) Ohio Box.

* * *

926. The paper and paper industries are made up of a large number of companies.

927. Only one company in the paper and paper products industries produces as much as 14% of the total national production.

928. From October 1, 1953 until January, 1954 no stock in Monroe was purchased by any of plaintiffs.

Dated September 18, 1956

George E. Brand
(George E. Brand)

George E. Brand, Jr.
(George E. Brand, Jr.)

Attorneys for Plaintiffs
Business Address:
3709-23 Cadillac Tower
Detroit 26, Michigan

DEFENDANTS' ANSWER TO PLAINTIFFS' REQUEST FOR ADMISSION OF FACTS

(Filed Oct. 22, 1956)

The defendants respond to the plaintiffs' 928 requests for admissions of fact as follows:

ADMITTED SUBJECT TO THE TERMS AND LIMITATIONS OF RULE 36 AND SUBJECT TO ALL PERTINENT OBJECTIONS AS TO ADMISSIBILITY WHICH MAY BE INTERPOSED AT THE TIME OF TRIAL

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ADMITTED SUBJECT TO, . . . etc. - Cont'd.

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ADMITTED IN PART AND DENIED IN PART

6. Denied except as follows: That there are four companies in and about the City of Monroe, Michigan, engaged in the manufacture of paper or paper products; and that by capacity two are larger and one is smaller than defendant company.

12. Denied except as follows: That the annual meeting which would have been held in September, 1954 was postponed by order of the court and that no subsequent annual meeting has been called or requested; and that during the pendency of this suit it remains in dispute as to who is entitled to vote the majority of the stock.

13. Denied except as follows: That from sometime before 1941 directors of defendant company from time to time bought stock in defendant company for their own account; that during the same period and from time to time they caused defendant company to buy and retire its own stock when and as necessary to assist stockholders in disposing of their holdings, the stock not being listed or actively traded in; that such course of dealing appears in part from certain excerpts from the minute book, as quoted in said request; that from and after September 25, 1952 there was never any directive from the company to any of its directors or officers to acquire any stock for the company except to afford stockholders a market; that from and after March 10, 1953 directors Feinberg, Grant and Krave actively sought out and purchased stock for their own accounts; that Vogel & Company, Stieglitz & Company, William M. Fleishman, Thomas E. Griffin, Rolland A. Meier and others campaigned for the purchase of stock; that thereby an active market for the stock was produced

and existed; that directors Feinberg, Grant, and Krave protested against any stock being purchased by the company and threatened litigation if the same should be attempted; that on or about September 23, 1953 at the annual shareholders' meeting the following occurred:

> "The President placed before the Meeting the matter of reducing the number of shares of the Company's outstanding stock to 150,000 shares. Discussion was had in respect thereto.
>
> In response to a question from Mr. Feinberg, a stockholder, as to the cost of stock previously purchased pursuant to the resolution of the Board of Directors, Mr. Raney replied that he did not have the cost figures of this stock at the meeting and could not give an exact answer. No action was taken on this matter of purchasing additional stock so as to reduce the number of shares outstanding to 150,000 shares."

and that from and after October 13, 1953 plaintiff Kinsey, being a director of the company, campaigned for the purchase of stock for himself and his associates.

37. Denied except as follows: That some time prior to June 15, 1953 Raney had acquired and was the owner of 50 shares of defendant company's stock represented by a certificate issued in the name of Jack Hattner, and that on or about June 15, 1953 Raney caused such certificate to be reissued in the name of Joseph A. Moynihan, Jr.

41. Denied except as follows: That on June 15, 1953 Raney and Moynihan knew of the facts and circumstances stated in answer to request 13, so far as they had then occurred.

* * *

47. Denied except as follows: That at the board meeting of June 26, 1953 directors Krave, Grant, and Feinberg demanded that Margaret Simmons should be elected a director and that director Krave

should be elected president; that the majority of the board declined to so vote; that thereupon after much altercation the entire board joined in the unanimous election of Moynihan as director and of Knapp as president; and that said Krave, Grant, and Feinberg thereupon declared that they would continue their purchases of stock and would solicit for proxies and capture the control of the company at the next annual meeting.

48. Denied as to the allegation that Knapp was without experience in business.

54. Denied except as follows: Louis Groesbeck inquired of Raney as to the possibility of said Groesbeck selling a large number of shares expected to be distributed to him from the Groesbeck estate; that there was discussion of the possibility of a group being organized to purchase such stock or of some or all of such stock being purchased by the company; and that in connection therewith there was an exchange of telegrams, telephone calls and letters in which the company's facilities and stationery were used.

60. Denied as to defendant Sempliner.

65. Denied except as follows: That the printing of the president's letter of July 17, 1953, being deemed a proper corporate expense, was paid for with company funds in the amount of $8.50 and no more.

69. Denied except as follows: That in the course of said conversation Love said that a voting trust was a legitimate device frequently used to prevent the owners of a majority of shares from being pushed out of the control of a company.

77. Denied except as follows: That the printing of the president's letter of July 30, 1953, being deemed a proper corporate expense, was paid for with company funds in the amount of $8.50 and no more.

79. Denied except as follows: That beginning about 1941 Thomas E. Griffen was a clerk employed in the office of Oliver Golden, one of the defendant company's attorneys; that from time to time he worked on certain legal matters under said Golden's direction; that after the death of said Golden the company referred legal matters to said Griffen from time to time; that in 1953, without informing the company, said Griffen undertook to represent certain individual stockholders in connection with their efforts to secure control of the company; and that thereupon and on or about August 2, 1953 the defendant company's general manager released said Griffen from the further handling of any company business.

80. Denied as to the date.

81. Denied except as follows: That Hugh Francis formerly practiced law in association with Alex J. Groesbeck.

87. Denied except as follows; That at said board meeting there was a conversation as to whether said Francis should be engaged as attorney for the defendant company on a general retainer of a fixed amount per year to cover all services rendered during said year; and that said Francis declined any such retainer.

99. Denied except as follows: That all members of the board knew that the making of the Lloyd-Thomas contract was intended; that they were not actually present when it was signed; and that thereafter they were

informed that it had been signed; and that there was discussion thereof at the stockholders' meeting on September 23, 1953.

100. Denied except as follows: That defendants have been informed by officers of said Lloyd-Thomas Company that said officers had been informed by their clients that a large part of Lloyd-Thomas appraisals are used in connection with insurance matters.

102, 103, 104, and 105 are severally denied except as follows: The Lloyd-Thomas representative who negotiated said contract with the defendant company was Leo L. Reihmer who was Lloyd-Thomas' sales representative for the State of Michigan; who was one of Lloyd-Thomas' appraisal organization; who had been engaged in the appraisal business for 25 years; who was acquainted with the defendant company's mill and with the amount at which it had been appraised previously by his organization; who was acquainted with other paper mills and factories and with the appraisals thereof; and who was acquainted with the general trends and value of buildings and machinery.

110. Denied except as follows: That Director Krave advocated use of a form of proxy which had been used by the company on one or more previous occasions and which was so framed that the first-named member of the proxy committee had the sole voting right thereunder.

117. Denied except as follows: That at the board meeting of August 25, 1953 Knapp informed the board that because of the difference of opinion between attorney-director Krave and attorney-director Moynihan as to a proper proxy form, he and Raney had discussed the question with another lawyer.

113. Denied except as to the form referred to in the answer given to request No. 117.

* * *

125 to 129 inclusive are severally denied except as follows: That Knapp informed the directors of the receipt of such invoice; that director Feinberg represented to him that as a matter of law the invoice could not properly be paid by the company and accordingly Knapp paid it personally; that thereafter the company's attorney determined that such invoice was a proper charge against the company; that thereupon the company requested Clark, Klein, Brucker & Waples to send a new invoice and Clark, Klein, Brucker & Waples did send a new invoice to the company and said invoice was paid by the company; and that Clark, Klein, Brucker & Waples thereafter refunded to Knapp the amount he had erroneously paid.

135. Denied except as follows: That beginning about July 1, 1951, and continuously thereafter, the labor union demanded a pension plan for its hourly employees.

137 to 140 inclusive are severally denied except to the extent that the word "request" is intended to mean that Raney informed Holefca that stock in the defendant company might be for sale and that Holefca would be welcome to invest therein if he cared to.

143. Denied except as stated in answer to No. 137.

153. Denied except as follows: That said notice had been neither authorized nor prohibited by any specific board resolution and had been authorized by implication by a long course of dealing.

186. Denied except as follows: That the board fixed September 23, 1953 as the date for the company's annual meeting; the

balance of the request is objected to (see motion).

191 to 195a inclusive. Denied except as follows. That Marion F. Guettler, a resident of Monroe and a longtime employee of the defendant company, had expressed a desire to acquire stock in the company; that on or about September 1, 1953 Raney was told by a certain salesman that a certain stockholder owning 57 shares was disposed to sell such shares if the purchaser was friendly to the company's management; that there was at that time no authorization from the stockholders for the purchase of such stock for the company in view of there being an active market for it; that accordingly said Guettler purchased the stock; that she requested a loan of $427.50 from the company; that it had been the company practice for many years to make small loans to employees if the general manager approved; that Raney approved such loan; that the loan was duly repaid; and that said Guettler, being afterwards interested in and in sympathy with the voting trust, deposited her stock therein.

205. Denied except as stated in answer to No. 13.

208. Denied except as follows: That upon the counting of the proxies at said annual meeting it appeared that the proxies held by Knapp, Raney, Blum, and Leathers were sufficient to elect either four or five but not to elect all members of the board; that thereupon there were negotiations between the two factions to see if harmony could be restored by the election of a mutually agreeable slate of directors; that it appeared the election would be unanimous if such slate consisted of Knapp, Raney, Blum, Leathers, Grant, Krave, Feinberg, and Arthur W Sempliner; and that Moynihan was not nominated and withdrew as a candidate; and that such

compromise list was thereupon elected unanimously.

209. Denied except as follows: Same answer as to 208.

217. Denied except as follows: That on or about September 10, 1953 William Weipert, being a stockholder and an attorney advising a stockholders' committee, called on the company's officers to inquire as to company affairs.

221. Denied as to the word "purporting".

228. Denied except insofar as the solicitation of proxies on behalf of the management was carried on by Blum, Bennett, Kirby, McMahon, Case, Gutman and others, all stockholders in the company and without interference with their duties as officers or employees of the company.

232. Denied except as follows: That at the time of said annual meeting no company funds, credits, or facilities had been used to pay for stockholders' committee activities; that no decision had been made that any corporate funds would be so used; and that there was no discussion of the matter in said meeting.

233. Denied except as follows: That on several occasions and over several years previous to 1953 Weipert & Weipert had handled miscellaneous small legal matters for the defendant company.

234. Denied except as follows: That from some time before June 1, 1953 to some time after March 1, 1954 Weipert & Weipert, at the request of the company, had corresponded at intervals with officials of Garrett, Indiana, about a turbine.

247. Denied except as follows: That beginning on or about

September 1, 1953 the First National Bank of Monroe operated a so-called escrow fund whereby it accepted funds deposited by National Container Corporation, director Feinberg and their associates and devoted such funds to the acquisition of stock and of proxies in behalf of said Feinberg faction; that the National Bank of Detroit operated a similar escrow on behalf of said Feinberg faction; that various stockholders expressed a desire to sell their stock provided they could sell it to friends of the management, and various stockholders and acquaintances of the management expressed a desire to buy stock; that under said circumstances the Monroe State Savings Bank accepted the deposit of funds to the amount of approximately $160,000 and bought therewith approximately 16,000 shares.

248. Denied except as to defendant Huber.

249. Denied except as follows: That defendants Raney and Blum and numerous other stockholders, including stockholders who were also employees of the company, after working hours and on weekends, were active in soliciting proxies and in fostering the purchase and sale of stock through the escrow arrangement.

259. Denied except as follows: That friends of the company who had previously expressed interest in acquiring its stock were informed by other stockholders of the opportunity to acquire stock through the escrow; that in most cases the stock holders who so informed such prospective purchasers were the stockholders who considered themselves best acquainted with such prospective purchasers.

260 to 267 inclusive are severally denied except as follows: That Raney was acquainted with Holefca, Sandroff, Thomas Paper Stock

Company, Murphy, Cronin; that all such parties had previously expressed interest in acquiring the defendant company's stock; and that Raney informed such parties of the opportunity to acquire stock through the escrow.

270 to 273 inclusive are severally denied except as follows: That Raney as general manager usually looked after purchase of paper mill felts; that felts are purchased from various suppliers including the Philadelphia Felt Company, one of the leading felt manufacturers; that Robert Brennan, a Philadelphia Felt Company salesman had married Raney's daughter; that various people named Putney are among the stockholders of the Philadelphia Felt Company; that some of said Putneys had previously expressed interest in acquiring stock in the defendant company; and that Raney requested Brennan to inform them of the opportunity to acquire stock through the escrow.

274 to 288 inclusive are severally denied except as follows: That Bennett is the defendant company's sales manager and works under the general direction of Raney as general manager; that Bennett was well acquainted with Korneffel, Marvin, Mayer, Nadeau, Smythe and Vogeli; that all such parties had previously expressed interest in acquiring stock in defendant company; that Bennett informed such parties of the opportunity to acquire stock through the escrow; and that Raney knew thereof and approved it.

290 to 302 inclusive are severally denied except as follows: That Kirby was well acquainted with Mainzinger, Fishman Waste Paper Company, Rosen, E. W. Marvin, Gratton Construction Company, Monroe Scrap Materials Company, and Klehborth; that all such parties had

previously expressed interest in acquiring stock in the defendant company; and that Kirby informed such parties of the opportunity to acquire stock through the escrow.

304. Denied except as stated in answer to No. 306.

305. Denied except as follows: That Rockton Paper Board Company is a competitor of Monroe Paper Products Company only as to a single class of light-weight chip board.

306 and 307 are severally denied except as follows: That the $25,000 paid into the escrow by Sandroff was in the form of a check from Rockton Paper Board Company to the order of Raney; that such check was endorsed by Raney and deposited in said escrow.

* * *

317. Denied except as follows: That Huber gave Kirby a check for $4,000 and requested him to find him 400 shares of stock; that Kirby purchased such 400 shares through the escrow and turned them over to Huber.

326. Denied except as to the procurement of proxies.

328. Denied except as to the procurement of proxies.

333. Denied as to the word "purportedly."

334. Denied except as to the several items as follows:

For printing July 17 letter	$8.50
For printing July 30 letter	8.50
For printing notice of annual meeting, proxy statement and president's letter of 9/5/53	75.00
For printing letter of 10/6/53	34.75
Total	$126.75

337. Denied except as follows: That at the taking of their discovery depositions the plaintiffs' attorneys called for the production of

quantities of the defendant company's books, records, and papers; that Miss Marion Guettler, a secretary employed by the company, attended for the purpose of keeping track of said books, records, and papers; that over the many days the plaintiffs' attorneys constantly asked Miss Guettler to return to the factory and search for other and different books, records and papers; that as a matter of courtesy she continually fetched and carried for the plaintiffs' attorneys; that because of the distance and weather she was obliged to take taxis and incurred personal expense to the extent of $23.70; that plaintiffs' attorneys never reimbursed her for such expense; and that the defendant company thought the situation unseemly and reimbursed her itself.

343a. Denied except as follows: That by direction of the Lloyd-Thomas Company and to facilitate Lloyd-Thomas' appraisal work, the defendant company's general manager, on or about September 28, 1953 dispatched form letters to various manufacturers of paper mill equipment requesting the information mentioned.

345. Denied except as follows: That about the middle of November, 1953 at the company's office after working hours there was a meeting of numerous stockholders including Knapp, Raney, Blum, Huber, Weipert and others, some of which stockholders were also employees of the defendant company.

346. Denied except as follows: That at said meeting of stockholders in November, 1953 there was discussion of plaintiffs' apparent attempt to acquire control of defendant company; of circumstances suggesting that plaintiffs were actuated by selfish motives; of the possibility

that all stock owned by all of the stockholders might become of little value and further discussion of the misfortune to the community if the control of the defendant company should pass into incompetent, selfish, or dishonest hands.

435, 436, 437 are severally denied except to the extent that the work mentioned was done after working hours by stockholders without expense to the defendant company.

444. Denied except as follows: That Deposition Exhibit 22 and the accompanying papers were mailed the same day they came from the printers and before any printed copy of a voting trust agreement had been signed; and that some time prior thereto every person whose name appeared on Deposition Exhibit 22 had committed himself in writing to join in said voting trust agreement when it should be printed; and that all said persons afterwards did so.

449. Denied except as follows: That at the time signatures were placed on Deposition Exhibit 28 the persons signing had agreed with each other to form a voting trust and to execute a detailed written agreement as soon as it could be prepared; and they afterwards did so.

453. Denied except as follows: That during January, 1954 a limited number of telephone calls were made over the defendant company's phone with reference to the voting trust; that records were kept thereof; that on receipt of the phone bill in February, 1954 such calls were paid for with funds of the voting trust and not with company funds; and that in the interval and on or about February 2, 1954 the plaintiffs filed this suit. Further, that most telephone calls with reference to the voting trust

were made over other telephones.

454. Denied except to the extent that such phone calls entailed no expense to the defendant company.

455. Denied as to the "large number."

456 and 457 are severally denied except as follows: That during January, 1954 a limited number of telegrams with reference to the voting trust were sent from and received at the office of the company; and that records were kept thereof; that on receipt of the telegraph bill in February, such telegrams were paid for with funds of the voting trust and not with company funds; and that in the interval and on or about February 2, the plaintiffs filed this suit.

458. Denied except to the extent that the officers and employees mentioned were stockholders of the defendant company.

459. Denied as to subdivisions (c) and (d) except to the extent that McMahon and Gutmann were stockholders of the defendant company during the time referred to.

461. Denied except to the extent that the employees referred to were also stockholders of the defendant company.

464. Denied except as follows: That Bennett, being a stockholder and being in another city on company business and at company expense, during the lunch hour or during the evenings without expense to the company, talked with other stockholders resident in said city.

465. Denied except as follows: That Gutmann was a stockholder and also an employee of defendant company; that all his activities in connection with the voting trust were carried on without interference

with his duties as such employee and without expense or inconvenience to the company; and that for the most part such activities were outside of working hours.

466 and 467 are severally denied except as follows: That stockholders made themselves parties to the voting trust by different methods; by signing the voting trust agreement or by signing and delivering a short-form card indicating their adherence to the voting trust agreement; and/or by exchanging stock certificates for voting trust certificates; and that from and after February 1, 1954 the owners of a majority of all outstanding stock had made themselves parties to the voting trust agreement.

482. Denied as to (b).

483. Denied except as follows: That said envelopes were addressed outside of working hours and by company stockholders.

484. Denied as to Deposition Exhibit 3.

494. Denied except as follows: That this suit was begun at about the same time as that which the voting trust became operative by reason of more than 50% of the stockholders having adhered thereto; and before any record transfers of stock could be made; that at the beginning of this suit and for some time thereafter there was an agreement between counsel that without prejudice to the claims of the respective parties the voting trust stock would not be transferred on the defendant company's books pending the court determination of the validity of said voting trust; and that after the termination of such agreement of said counsel the defendant voting trustees have been advised by their attorneys that such

transfer on the books is a formality only and that until some occasion for it arises it would be better practice to continue to defer it in the hope of an early and favorable decision in this controversy.

505 to 508 inclusive are severally denied except as follows: That during the pendency of this suit the plaintiffs purchased certain voting trust certificates at prices ranging from $15.00 to $19.00 per share; that at or after the time of the several purchases they obtained from the sellers written demands for the release of the corresponding stock from the voting trust; that in or about August, 1954 the plaintiffs' attorneys presented said demands to the Monroe State Savings Bank, depositary; that request 505 appears to be a list of the demands so presented; and that all such demands were refused.

511. Denied except as follows: That about three hundred stockholders (80% of all stockholders), owning 52% of the outstanding stock, deposited their stock in the voting trust and were issued voting trust certificates; that a few of such stockholders appear to be mentioned in this request; that all such parties had joined the voting trust on or before February 1, 1954; and that for lack of knowledge the defendants neither admit or deny the issue dates of their voting trust certificates.

* * *

585. Denied except as follows: That all of the persons mentioned are stockholders and that all except Huber and Leathers are also employees of the defendant company.

586. Denied except as follows: The company's traditional bonus and overtime compensation policy remained unchanged during 1954 and only the usual payments were made.

650. Denied except as follows: That Francis' bill for $6,586.91 for legal services and disbursements was laid before the board of directors at its meeting of September 22, 1954; that Francis was present and discussed it with the board; and that payment was approved by the following vote: Aye, directors Knapp, Raney, Blum, Sempliner; No, none; Not voting, directors Kinsey, Grant, Feinberg; Absent, director Leathers.

652 and 653 are severally denied except subject to the following qualification: That on many occasions attorneys for some of the defendants were unable to attend at the times when plaintiffs desired to take depositions; and that for the convenience of plaintiffs' counsel, and to permit them to proceed at the times they desired, and with the consent of plaintiffs' counsel, defense attorneys made arrangements among themselves so that it was not necessary for all of them to be present at all times.

654. Denied except as follows: That in his representation of the interests of the defendant company in this cause its attorney reasonably incurred expenses of $4,249.88 in stenographic and transcript expense and in the engagement of local counsel in Connecticut.

720. The existence of the pamphlet is admitted; that it purports to contain "industry standards" is admitted. It is denied that it contains any standards, rules, regulations, or guides which have any general acceptance by the paper trade in this locality.

742. Denied except as follows: The statement is true as to Chicago only.

* * *

753 and 754. Denied except as follows: The materials in question were purchased partly for $45.00 per ton and partly for $50.00

per ton due to a change of price in the middle of the period. They are recorded on the company's records partly at $45.00 per ton, partly at $50.00 per ton, according to the fact.

755. Denied except as follows: That kraft material is not available in the local market in quantities sufficient to supply the defendant company's requirements. That insofar as it is available locally it is usually cheaper than when purchased from nation-wide dealers. That accordingly the defendant company buys and has always bought as much local kraft as possible, due regard being had to quality and inventory requirements. That for the bulk of its requirements the defendant company buys and has always bought from a national stand-by supplier at the most favorable prices it can obtain. That since 1945 or earlier it has so dealt and satisfactorily, with Thomas Paper Stock Company. That the prices paid locally during July, August, and September, 1953 were as stated in said request.

761 to 764 are severally denied except as follows: In December, 1953 the defendant company purchased from Thomas a special order of mill wraps with some mixed waste for experimental use in connection with a special government job; that the material was so used, and that it was paid for at $10.00 per ton plus freight from point of origin.

765. De[illegible]ed except as follows: That kraft material is not available in the local market in quantities sufficient to supply the defendant company's requirements. That insofar as it is available locally it is usually cheaper than when purchased from nation-wide dealers. That accordingly the defendant company buys and has always boguht as

much local kraft as possible, due regard being had to quality and inventory requirements. That for the bulk of its requirements the defendant company buys and has always bought from a national stand-by supplier at the most favorable prices it can obtain. That since 1945 or earlier it has so dealt and satisfactorily, with Thomas Paper Stock Company. That the prices paid locally during October, November and December, 1953 were as stated in said request.

767. Denied as to the word "substandard."

773 to 776 inclusive. Denied except as follows: That the material in question was for the most part high-grade kraft, but was found to contain occasional intermixture of tar, tape, chip, straw, cores or wet paper and was in consequence not worth the full kraft price; that it was accordingly subject to being downgraded; that it thereupon became the duty of the defendant company's receiving clerk to consider the quality of the acceptable material, the extent of the inter-mixture of lower-grade material, the use the company could make thereof, and to determine a fair and reasonable price under the circumstances. That the receiving clerk in his judgment rated the entire material as having various values below that of kraft, and that as defendants are informed and believe, such action was fair and reasonable.

790. Denied as to the word "substandard."

794. Denied except as follows: That on one occasion defendant company declined a small quantity of kraft which E. W. Marvin & Company represented that it could procure from a certain generating plant whose output defendant company had previously purchased and found undependable;

that on another occasion it declined a small quantity of kraft originating with National Container Corporation because it believed said National Container Corporation to be unfriendly and an unsafe source of supply; and that on other occasions it declined to receive individual truck loads of waste paper unless they could be delivered at defendant company's plant during working hours.

795. Denied except as follows: That an occasional bale was found to contain foreign material and was down graded accordingly; and that the shipments in this respect were like all large consignments of waste paper received by all mills.

799. Denied as to the word "substandard."

801. Denied except as follows: That kraft material is not available in the local market in quantities sufficient to supply the defendant company's requirements. That insofar as it is available locally it is usually cheaper than when purchased from nation-wide dealers. That accordingly the defendant company buys and has always bought as much local kraft as possible, due regard being had to quality and inventory requirements. That for the bulk of its requirements the defendant company buys and has always bought from a national stand-by supplier at the most favorable prices it can obtain. That since 1945 or earlier it has so dealt and satisfactorily, with Thomas Paper Stock Company. That the prices paid locally during July 1, 1954 to November 1, 1954 were as stated in said request.

* * *

819. Denied except as follows: That one Swaney, an employee of the plaintiffs, was in and about the waste paper and finished roll storage

and appeared to be making counts and calculations.

* * *

831. Denied except as follows: That from January 1, 1953 to June 30, 1954 and before and after, the defendant company has purchased waste paper from E. W. Marvin Company, and defendants are informed and believe that some of such waste paper had been acquired by E. W. Marvin Company from the Ford Motor Company.

832. Denied except as follows: That the prices paid E. W. Marvin Company were fixed by negotiation between the parties and may frequently have coincided with the published quotations mentioned.

333. Denied except as follows: That the figures given are some of the price quotations furnished from time to time by E. W. Marvin Company, do not represent offers to supply, and do not refer to any material actually on hand. Insofar as this request covers the same topics covered by requests 794, 796, 797, 831, and 832, see answers thereto.

839. Denied except as follows: Raney objected to the sending of Peat, Marwick, Mitchell's confirmation request to Thomas Paper Stock Company pending the clearing of payments in transit and objected to the sending of a confirmation request to Shartle Brothers pending negotiations as to disposition of used machinery; and that thereafter such requests were duly forwarded and the balances owing were duly confirmed.

841. Denied except as follows: That Raney declined to sign certain forms tendered by Peat, Marwick, Mitchell until he could discuss them with the company attorney and that promptly after such discussion he signed and delivered such forms to Peat, Marwick & Mitchell.

842. Denied except as follows: That Monroe Paper Products

Company valued its 1954 year-end inventory at the average cost paid for comparable purchases over the preceding ninety-day period; that this valuation method has always been used; and that there was no loss of utility or deterioration regarding said inventory.

* * *

858. Same request as No. 337; same answer.

862. Denied except as follows: That it has always been the custom of defendant company to reimburse its officials for the usual and necessary expenses of travel on company business, including luncheons for themselves and for business acquaintances; that the items listed include all such expenses of Raney for a period of eleven months; that prior to February 1, 1954 they include nothing relating to any depositions, investigation or court proceedings; that subsequent to February 1, 1954 they include the travel expense necessary in the attendance at depositions or in court in Detroit in a case to which the company was a party and for which Raney was subpoenaed or was asked by the company attorney to be present, or for conferences with the company attorney.

923. Denied except as follows: Admitted as to (a), (b), (c), (d), (e), (f), (g), (k), (n), and (p) only.

928. Denied except as follows: That between October 1, 1953 and January, 1954 a large number of shares of defendant company's stock were transferred on the books to Bender and Company, nominee of Chase National Bank, pledgee of the plaintiffs. That during said period plaintiffs announced that they would acquire additional stock. That they afterwards produced for transfer additional stock which they had acquired. The dates of the particular purchases are not known to defendants.

OBJECTIONS

All requested admissions not specifically responded to herein are objected to as set forth in detail in our objections to requests for admissions of facts filed under separate cover.

Verification attached.

Dated: October 22, 1956

Fischer, Sprague, Franklin & Ford

Richard Ford

Kenneth B. McConnell
Attorneys for Defendants Knapp et al
Voting Trustees
1100 Dime Building, Detroit 26, Mich.

Arthur W. Sempliner
Attorney for Defendants Knapp et al
Individually
2005 Dime Building, Detroit 26, Mich.

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Attorney for Defendant Huber
130 East Elizabeth
Detroit 1, Michigan

DEFENDANTS' SUPPLEMENTAL RESPONSE TO PLAINTIFFS' REQUEST FOR ADMISSION OF FACTS

(Filed Dec. 7, 1956)

Defendants file this supplemental response pursuant to the Court's suggestion at the motion argument November 26, 1956.

ADMITTED SUBJECT TO THE TERMS AND LIMITATIONS OF RULE 36 AND SUBJECT TO ALL PERTINENT OBJECTIONS AS TO ADMISSIBILITY WHICH MAY BE INTERPOSED AT THE TIME OF TRIAL

4
5
36
39
113
203
204
372
502
815
816

NEITHER ADMITTED NOR DENIED FOR LACK OF KNOWLEDGE

32
68
70
186 (in part)
376
384
385
410
474
519
587
721

ADMITTED IN PART AND DENIED IN PART

58. Denied except as follows: That on July 17, 1953, the following letter was sent to Monroe stockholders:

"To Our Stockholders:

"It has come to the writer's attention that a stock broker in Detroit has mailed a letter to our stockholders. The purpose of the stock-broker's letter is to obtain your reaction to a proposition of selling your stock in this Company.

"For your information, a minority group of stockholders is attempting to purchase stock for the purpose of taking over control of your Company. If this minority group is successful in purchasing sufficient number of additional shares, the result will be that they will elect their own Board of Directors who, in turn, will elect their own Officers at the Annual Meeting in September.

"Prior to offering your stock for sale at this time, we respectfully request that you contact the writer or either one of the following officers: Mr. CHAS. E. RANEY, Vice-President and General Manager or Mr. G. A. BLUM, Secretary-Treasurer.

"Very truly yours,
MONROE PAPER PRODUCTS COMPANY
/s/ Burton S. Knapp
Burton S. Knapp, President"

73. Denied except as follows: That deposition exhibit 161 was furnished to Monroe's board on or about July 29, 1953.

75. Denied except as follows: That on July 30, 1953 the following letter was sent to Monroe stockholders:

"To Our Stockholders:

"As you know, it has been our policy in the past to declare four dividends per year and we expect to pay these quarterly dividends in the future during September, December, March and June.

"We are pleased to announce that the Board of Directors has declared a dividend of fifteen cents (15¢) per share, payable on September 15, 1953, to all shareholders of record September 1st, 1953, and to call your attention to the fact that this dividend represents an increase of fifty percent (50%) over the dividend paid September 15th, 1952.

"We believe that 1953 will be a fine year for Monroe Paper Products Company.

"Very truly yours,
MONROE PAPER PRODUCTS COMPANY
/s/ Burton S. Knapp
Burton S. Knapp, President"

106. Denied except as follows: That on or about August 10, 1953, the following letter was received:

"The Lloyd-Thomas Co.
Appraisal Engineers
Chicago 40

August 10, 1953

"Mr. C. E. Raney, President
Monroe Paper Products Co.
1151 W. Elm Street
Monroe, Michigan

Dear Mr. Raney:

In accordance with your instructions our engineer, Mr. L. Reihmer, has made an inspection of your plant and is of the opinion the Replacement Value of the Buildings, Machinery and Equipment, exclusive of Inventories and Supplies, is in the neighborhood of $4,000,000.00.

Just before we finish the field work, of the current appraisal, which will be started before August 20th, we will write you again with reference to any revised estimate.

Yours very truly

THE LLOYD-THOMAS CO.

Henry Helm

Vice President"

150. Denied except as follows: That on August 28, 1953, the following notice was posted at the Monroe plant—

"(Letterhead of Monroe Paper
Products Co.)
Monroe, Michigan

August 28, 1953

Chas. E. Raney
Vice President and General Manager

NOTICE!
OFFICE AND SALARIED WORKERS

"Any changes in the Insurance Plan and any other changes, including a Pension Plan, if granted to the Union Employees, will also be given to the Office and Salaried Employees, and will be retroactive to September 15th, 1953, the same as the retroactive date for the Union. This includes any adjustments in salaries of any kind.

MONROE PAPER PRODUCTS COMPANY
CHAS. E. RANEY
VICE PRESIDENT AND GENERAL MANAGER"

CER/mfg

155. Denied except as follows: That on January 29, 1954, the following notice was posted at the Monroe plant.

"(Letterhead of Monroe Paper
Products Co.)
Monroe, Michigan

January 29, 1954

Chas. E. Raney
Vice President and General Manager

NOTICE!
OFFICE AND SALARIED WORKERS

"Please refer to Notice of August 28th, 1953, in which you were informed that any changes in the Insurance Plan and any other changes, including a pension plan, if granted to the Union employees, will also be given to the office and salaried employees and will be retroactive to September 15th, 1953, the same date as the retroactive date for the Union and will include any adjustments in salaries of any kind.

You are hereby advised that, at a Directors Meeting held January 27th, 1954, these features were not approved by the Board of Directors and are hereby cancelled and are to be taken up at a later date.

MONROE PAPER PRODUCTS COMPANY
CHAS. E. RANEY
VICE-PRESIDENT AND GENERAL MANAGER"

360. Denied except as follows: That the opinions contained the same advise, were directed to different parties only, and the contents freely disclosed to anyone on inquiry.

361. Denied except as follows: That the original opinion has never been found but its existence proved by admission of a carbon copy.

531. Denied except as follows: That the voting trustees never informed their voting trust subscribers that issuance of certificates might violate any law.

* * *

PARTIAL RESPONSE BY DEFENDANT GEORGE J. HUBER TO PLAINTIFF'S REQUEST FOR ADMISSIONS OF FACT

(Filed on or about December 8, 1956)

Now comes George J. Huber, one of the defendants in the above entitled cause, and in addition to the answers previously made to the plaintiffs' request for admissions heretofore file in said cause, says:

1. He admits the truth of the statements contained in plaintiffs' request numbered as follows: 4, 5, 32, 68, 348, 351, 372, 384, 385, 410, 421, 519 and 582.

2. He cannot truthfully admit or deny the matter contained in statement numbered 42 in plaintiffs' request, for the reason that whether or not the stock was a good buy as stated therein, is a matter of personal opinion.

3. He admits that Deposition Exhibit 7, referred to in statement numbered 58 in plaintiffs' request, was written and that its contents were as appear in said exhibit.

4. He admits that statement numbered 70 in plaintiffs' request is true to this extent, that he told Mr. Kirby he might be interested in purchasing some additional Monroe stock.

5. He admits that the contents of Mr. Knapp's letter of July 30, 1953, referred to in statement numbered 75 of plaintiffs' request were as appear in Deposition Exhibit 8.

6. He admits the truth of statements numbered 181, 182, 185 and 186 of plaintiffs' requests to this extent, that a letter identified as Deposition Exhibit 70 was written and that its contents were as appear in said Exhibit, but that he cannot truthfully admit or deny the

other matters contained in said statements, for the reason that he has no present, personal knowledge concerning the same.

7. He admits the truth of the statement numbered 349 in plaintiffs' request to this extent, that Deposition Exhibit 36 was drafted.

8. He cannot truthfully admit or deny the statements numbered 352, 353 and 354 in plaintiffs' request, for the reason that each of said statements say that something was contemplated but do not state by whom.

9. He admits the truth of statement numbered 474 in plaintiffs' request, to the extent that he participated in the drafting of such a letter.

10. He cannot truthfully admit or deny, for the reason that he has no present, personal knowledge concerning the matters referred to therein, the statements in plaintiffs' requests numbered as follows: *

36, 39, 73, 88, 90, 91, 93, 94, 95, 96, 97, 106, 113, 123, 141, 144, 150, 155, 158, 160, 163, 164, 166, 167, 170, 172, 173, 203, 204, 226(a), 227, 235, 236, 237, 238, 239, 240, 241, 242, 243, 246, 258, 303, 314, 316, 341, 350, 357, 358, 359, 360, 361, 364, 366, 367, 368, 369, 376, 386, 390, 391, 392, 393, 394, 396, 401, 406, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 440, 469, 470, 471, 472, 473, 491, 492, 493, 509, 510, 514, 515, 516, 517, 518, 520, 523, 524, 525, 526, 527, 528, 529, 531, 533, 534, 535, 542, 549, 550, 551, 556, 557, 558, 559, 564, 570, 573, 576, 584, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 598, 598(a), 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612,

* Requests not printed are omitted.

613, 615, 616, 617, 624, 625, 627, 630, 631, 634, 635, 636, 637, 638, 639, 640, 641, 655, 656, 658, 659, 660, 662, 663, 664, 665, 666, 667, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 686, 687, 688, 689, 690, 692, 693, 694, 695, 696, 697, 698, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 713, 714, 715, 721, 746, 779, 815, 816, 865, 866, 867, 868, 869, 870, 872, 873, 874, 875, 876, 880, and

/s/ George J. Huber

Subscribed and sworn to, before me,
this 5th day of December, 1956.

/s/ Austin E. Shinenar
Notary Public, Monroe County, Mich.
My Com. Expires Dec. 6, 1959.

ORDER RE OBJECTIONS TO PLAINTIFFS' REQUESTS FOR ADMISSIONS OF FACT

At a session of said Court held
at Detroit, Michigan, January 31,
1957.

PRESENT: HONORABLE FRANK A. PICARD
DISTRICT JUDGE

Plaintiffs' Requests For Admissions Of Fact having been served upon the individual defendants and filed on September 19, 1956, said defendants having objected to a portion of said requests on October 22, 1956, defendant Huber having filed responses to all of said requests, the other individual defendants having withdrawn some objections and the Court having heard and determined all remaining objections,

IT IS ORDERED that the objections of defendants Knapp, Raney, Blum, Leathers and Sempliner to Plaintiffs' Requests For Admissions Of Fact numbers 21a, 101, 144, 309, 310, 521, 522, 530, 614, 661 and 777 are sustained and that said defendants shall file their answers to the balance of said requests within ten days.

FRANK A. PICARD
DISTRICT JUDGE

ORDER AMENDING ORDER DATED JANUARY 31, 1957
RE. OBJECTIONS TO REQUESTS FOR ADMISSIONS OF FACT

At a session of said Court held at
Detroit, Michigan, on February 4,
1957.

PRESENT: HONORABLE FRANK A. PICARD,
DISTRICT JUDGE

Plaintiffs' Requests For Admissions Of Fact having been served upon the individual defendants and filed on September 19, 1956, said defendants having objected to a portion of said requests on October 22, 1956, defendant Huber having filed responses to all of said requests, the other individual defendants having withdrawn some objections and the Court having heard and determined all remaining objections,

IT IS ORDERED that the objections of defendants Knapp, Raney, Blum, Leathers and Sempliner to Plaintiffs' Requests For Admissions of Fact numbers 21a, 101, 144, 309, 310, 521, 522, 530, 614, 661 and 777 are sustained and that Answer as to numbers 599, 744 and 745 is optional; said defendants shall file their answers to the balance of said requests not later than February 8, 1957.

/s/ FRANK A. PICARD
District Judge

Approved For Entry
/s/ George E. Brand

DEFENDANTS' FURTHER REPLY TO PLAINTIFFS' REQUEST FOR ADMISSIONS

(Filed Feb. 7, 1957)

Objections having been filed to some of the plaintiffs' requests for admissions of fact; and some of said objections having been overruled by the court; and the defendants now saving and reserving unto themselves the benefit of said objections, consolidate their earlier answers herein and further answer said requests as follows:

ADMITTED SUBJECT TO THE TERMS AND LIMITATIONS OR RULE 36 AND SUBJECT TO ALL PERTINENT OBJECTIONS AS TO ADMISSIBILITY WHICH MAY BE INTERPOSED AT THE TIME OF TRIAL

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ADMITTED SUBJECT TO, . . . etc. - Cont'd.

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NEITHER ADMITTED NOR DENIED FOR LACK OF KNOWLEDGE

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NEITHER ADMITTED NOR DENIED FOR WANT OF PRESENT RECOLLECTION

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ADMITTED IN PART AND DENIED IN PART

6. **Denied except as follows:** That there are four companies in and about the City of Monroe, Michigan, engaged in the manufacture of paper or paper products; and that by capacity two are larger and one is smaller than defendant company.

12. **Denied except as follows:** That the annual meeting which would have been held in September, 1954 was postponed by order of the court and that no subsequent annual meeting has been called or requested; and that during the pendency of this suit it remains in dispute as to who is entitled to vote the majority of the stock.

13. **Denied except as follows:** That from some time before 1941 directors of defendant company from time to time bought stock in defendant company for their own account; that during the same period and from time to time they caused defendant company to buy and retire its own stock when and as necessary to assist stockholders in disposing of their holdings, the stock not being listed or actively traded; that such course of dealing appears in part from certain excerpts from the minute book, as quoted in said request; that from and after September 25, 1952 there was never any directive from the company to any of its directors or officers to acquire any stock for the company except to afford stockholders a market; that from and after March 10, 1953 directors Feinberg, Grant and Krave actively sought out and purchased stock for their own accounts; that Vogel & Company, Stieglitz & Company, William M. Fleishman, Thomas E. Griffin, Rolland A. Meier and others campaigned for the purchase of

stock; that thereby an active market for the stock was produced and existed; that directors Feinberg, Grant, and Krave protested against any stock being purchased by the company and threatened litigation if the same should be attempted; that on or about September 23, 1953 at the annual shareholders' meeting the following occurred:

> "The President placed before the Meeting the matter of reducing the number of shares of the Company's outstanding stock to 150,000 shares. Discussion was had in respect thereto.
>
> In response to a question from Mr. Feinberg, a stockholder, as to the cost of stock previously purchased pursuant to the resolution of the Board of Directors, Mr. Raney replied that he did not have the cost figures of this stock at the meeting and could not give an exact answer. No action was taken on this matter of purchasing additional stock so as to reduce the number of shares outstanding to 150,000 shares"

and that from and after October 13, 1953 plaintiff Kinsey, being a director of the company, campaigned for the purchase of stock for himself and his associates.

37. Denied except as follows: That some time prior to June 15, 1953 Raney had acquired and was the owner of 50 shares of defendant company's stock represented by a certificate issued in the name of Jack Hattner, and that on or about June 15, 1953 Raney caused such certificate to be reissued in the name of Joseph A. Moynihan, Jr.

41. Denied except as follows: That on June 15, 1953 Raney and Moynihan knew of the facts and circumstances stated in answer to request 13, so far as they had then occurred.

* * *

47. Denied except as follows: That at the board meeting of

June 26, 1953 directors Krave, Grant, and Feinberg demanded that Margaret Simmons should be elected a director and that director Krave should be elected president; that the majority of the board declined to so vote; that thereupon after much altercation the entire board joined in the unanimous election of Moynihan as director and of Knapp as president; and that said Krave, Grant, and Feinberg thereupon declared that they would continue their purchases of stock and would solicit for proxies and capture the control of the company at the next annual meeting.

48. Denied as to the allegation that Knapp was without experience in business.

54. Denied except as follows: Louis Groesbeck inquired of Raney as to the possibility of said Groesbeck selling a large number of shares expected to be distributed to him from the Groesbeck estate; that there was discussion of the possibility of a group being organized to purchase such stock or of some or all of such stock being purchased by the company; and that in connection therewith there was an exchange of telegrams, telephone calls and letters in which the company's facilities and stationery were used.

58. Denied except as follows: That on July 17, 1953 Knapp wrote deposition exhibit 7 and directed that it be mailed to Monroe's stockholders.

60. Denied as to defendant Sempliner.

65. Denied except as follows: That the printing of the president's letter of July 17, 1953, being deemed a proper corporate expense, was paid for with company funds in the amount of $8.50 and no more.

69. Denied except as follows: That in the course of said conversation Love said that a voting trust was a legitimate device frequently used to prevent the owners of a majority of shares from being pushed out of the control of a company.

73. Denied except as follows: That Samuel Moss, Monroe's regular auditor since 1941, completed the preparation of his usual year-end report of the company's fiscal year and sometime late in July, 1953 submitted that report (deposition exhibit 161) to Monroe's board.

75. Denied except as follows: That Knapp's July 30, 1953 letter (deposition exhibit 8) was sent to Monroe's stockholders.

77. Denied except as follows: That the printing of the president's letter of July 30, 1953, being deemed a proper corporate expense, was paid for with company funds in the amount of $8.50 and no more.

79. Denied except as follows: That beginning about 1941 Thomas E. Griffen was a clerk employed in the office of Oliver Golden, one of the defendant company's attorneys; that from time to time he worked on certain legal matters under said Golden's direction; that after the death of said Golden the company referred legal matters to said Griffen from time to time; that in 1953, without informing the company, said Griffen undertook to represent certain individual stockholders in connection with their efforts to secure control of the company; and that thereupon and on or about August 2, 1953 the defendant company's general manager released said Griffen from the further handling of any company business.

80. Denied as to the date.

81. Denied except as follows: That Hugh Francis formerly practiced law in association with Alex J. Groesbeck.

87. Denied except as follows: That at said board meeting there was a conversation as to whether said Francis should be engaged as attorney for the defendant company on a general retainer of a fixed amount per year to cover all services rendered during said year; and that said Francis declined any such retainer.

88. Denied except as follows: That deposition exhibit 80 is Francis' invoice to Monroe bearing date of August 29, 1953.

91. Denied except as follows: That attorney Francis had been earlier employed by the resolution of the Monroe board to represent the company; that thereafter his invoice for legal services in the amount of $1,000.00 was presented to and its payment approved by general manager Raney, this all in accordance with the company's usual practice.

93, 94, and 95. Denied except as follows: That on September 19, 1953 while at Monroe Francis informed Raney that his bill for legal services in full up to and including the stockholders' annual meeting would be $2,500.00; that Raney asked Francis if he would like a check for that amount; that at the stockholders' meeting a few days later Francis acknowledged payment by written invoice; that the aforesaid payment was reasonable in amount and for services rendered relating to the annual meeting of stockholders, all pursuant to board authorization.

96 and 97. Denied except as follows: That on September 10, 1953 Francis furnished a written opinion to the Monroe Paper Products

Company outlining the powers of its president and general manager, the original of which is attached to the minute book.

99. Denied except as follows: That all members of the board knew that the making of the Lloyd-Thomas contract was intended; that they were not actually present when it was signed; and that thereafter they were informed that it had been signed; and that there was discussion thereof at the stockholders' meeting on September 23, 1953.

100. Denied except as follows: That defendants have been informed by officers of said Lloyd-Thomas Company that said officers had been informed by their clients that a large part of Lloyd-Thomas appraisals are used in connection with insurance matters.

102, 103, 104, and 105 are severally denied except as follows: The Lloyd-Thomas representative who negotiated said contract with the defendant company was Leo L. Reihmer who was Lloyd-Thomas' sales representative for the State of Michigan; who was one of Lloyd-Thomas' appraisal organization; who had been engaged in the appraisal business for 25 years; who was acquainted with the defendant company's mill and with the amount at which it had been appraised previously by his organization; who was acquainted with other paper mills and factories and with the appraisals thereof; and who was acquainted with the general trends and value of buildings and machinery.

106. Denied except as follows: That on or about August 10, 1953 the Monroe company received trial exhibit 31.

110. Denied except as follows: That Director Krave advocated use of a form of proxy which had been used by the company on one or more

previous occasions and which was so framed that the first-named member of the proxy committee had the sole voting right thereunder.

117. Denied except as follows: That at the board meeting of August 25, 1953 Knapp informed the board that because of the difference of opinion between attorney-director Krave and attorney-director Moynihan as to a proper proxy form, he and Raney had discussed the question with another lawyer.

118. Denied except as to the form referred to in the answer given to request No. 117.

* * *

123. Denied except as follows: That on October 1, 1953 Clark, Klein, Brucker & Waples, by Gerald L. Stoetzer, sent Knapp trial exhibit 219.

125 to 129 inclusive are severally denied except as follows: That Knapp informed the directors of the receipt of such invoice; that director Feinberg represented to him that as a matter of law the invoice could not properly be paid by the company and accordingly Knapp paid it personally; that thereafter the company's attorney determined that such invoice was a proper charge against the company; that thereupon the company requested Clark, Klein, Brucker & Waples to send a new invoice and Clark, Klein, Brucker & Waples did send a new invoice to the company and said invoice was paid by the company; and that Clark, Klein, Brucker & Waples thereafter refunded to Knapp the amount he had erroneously paid.

135. Denied except as follows: That beginning about July 1, 1951, and continuously thereafter, the labor union demanded a pension plan for its hourly employees.

137 to 140 inclusive are severally denied except to the extent that the word "request" is intended to mean that Raney informed Holefca that stock in the defendant company might be for sale and that Holefca would be welcome to invest therein if he cared to.

143. Denied except as stated in answer to No. 137.

150. Denied except as follows: That on August 28, 1953 Raney posted in Monroe's office deposition exhibit 81.

153. Denied except as follows: That said notice had been neither authorized nor prohibited by any specific board resolution and had been authorized by implication by a long course of dealing.

155. Denied except as follows: That on January 29, 1954 Raney posted in Monroe's office deposition exhibit 81a.

158. Denied except as follows: That in the first half of August, 1953 general manager Raney employed Sempliner to advise and assist in certain current labor negotiations; that trial exhibit 281, 281A and 285 relate in part to work thereafter performed.

163. Denied except as follows: That on October 7, 1953 Sempliner and Kirby met with the Shop Committee of the Monroe plant and a Teamsters' business agent.

164. Denied except as follows: That on October 9, 1953 Sempliner rendered an opinion to Monroe, it being trial exhibit 285 regarding the labor contract with the Brotherhood of Teamsters.

167. Denied except as follows: That Holefca met with Sempliner to present and review the basic facts from which the pension trust agreement would be drafted; that when Sempliner was informed that

the agreement had to be completed and in the hands of the government for approval prior to year end, he said that his work load prevented him from undertaking the job and that Holefca should call in an attorney specializing in such matters.

173. Denied except as follows: That the check for $1,325.00 was thereafter regularly negotiated and distributed in accordance with the usual practice of Sempliner's firm.

181. Denied except as follows: That on September 2, 1953 Thomas Griffen mailed deposition exhibit 70 to Monroe's stockholders.

183. Denied except as follows: The offer contemplated that any stock tendered for purchase would be accompanied by a proxy to be voted in opposition to the management at the oncoming stockholders' meeting. Said offer was accompanied by the soliciting of proxies apart from tender of the stock for purchase.

186. Denied except as follows: That the board fixed September 23, 1953 as the date for the company's annual meeting; the balance of the request is objected to (see motion).

191 to 195a inclusive. Denied except as follows: That Marion F. Guettler, a resident of Monroe and a longtime employee of the defendant company, had expressed a desire to acquire stock in the company; that on or about September 1, 1953 Raney was told by a certain salesman that a certain stockholder owning 57 shares was disposed to sell such shares if the purchaser was friendly to the company's management; that there was at that time no authorization from the stockholders for the purchase of such stock for the company in view of there being an

active market for it; that accordingly said Guettler purchased the stock; that she requested a loan of $427.50 from the company; that it had been the company practice for many years to make small loans to employees if the general manager approved; that Raney approved such loan; that the loan was duly repaid; and that said Guettler, being afterwards interested in and in sympathy with the voting trust, deposited her stock therein.

205. Denied except as stated in answer to No. 13.

208. Denied except as follows: That upon the counting of the proxies at said annual meeting it appeared that the proxies held by Knapp, Raney, Blum, and Leathers were sufficient to elect either four or five but not to elect all members of the board; that thereupon there were negotiations between the two factions to see if harmony could be restored by the election of a mutually agreeable slate of directors; that it appeared the election would be unanimous if such slate consisted of Knapp, Raney, Blum, Leathers, Grant, Krave, Feinberg, and Arthur W. Sempliner; and that Moynihan was not nominated and withdrew as a candidate; and that such compromise list was thereupon elected unanimously.

209. Denied except as follows: Same answer as to 208.

217. Denied except as follows: That on or about September 10, 1953 William Weipert, being a stockholder and an attorney advising a stockholders' committee, called on the company's officers to inquire as to company affairs.

221. Denied as to the word "purporting".

228. Denied except insofar as the solicitation of proxies on behalf of the management was carried on by Blum, Bennett, Kirby,

McMahon, Case, Gutman and others, all stockholders in the company and without interference with their duties as officers or employees of the company.

232. Denied except as follows: That at the time of said annual meeting no company funds, credits, or facilities had been used to pay for stockholders' committee activities; that no decision had been made that any corporate funds would be so used; and that there was no discussion of the matter in said meeting.

233. Denied except as follows: That on several occasions and over several years previous to 1953 Weipert & Weipert had handled miscellaneous small legal matters for the defendant company.

234. Denied except as follows: That from some time before June 1, 1953 to some time after March 1, 1954 Weipert & Weipert, at the request of the company, had corresponded at intervals with officials of Garrett, Indiana, about a turbine.

247. Denied except as follows: That beginning on or about September 1, 1953 the First National Bank of Monroe operated a so-called escrow fund whereby it accepted funds deposited by National Container Corporation, director Feinberg and their associates and devoted such funds to the acquisition of stock and of proxies in behalf of said Feinberg faction; that the National Bank of Detroit operated a similar escrow on behalf of said Feinberg faction; that various stockholders expressed a desire to sell their stock provided they could sell it to friends of the management, and various stockholders and acquaintances of the management expressed a desire to buy stock; that under said circumstances the

Monroe State Savings Bank accepted the deposit of funds to the amount of approximately $160,000 and bought therewith approximately 16,000 shares.

248. Denied except as to defendant Huber.

249. Denied except as follows: That defendants Raney and Blum and numerous other stockholders, including stockholders who were also employees of the company, after working hours and on weekends, were active in soliciting proxies and in fostering the purchase and sale of stock through the escrow arrangement.

259. Denied except as follows: That friends of the company who had previously expressed interest in acquiring its stock were informed by other stockholders of the opportunity to acquire stock through the escrow; that in most cases the stockholders who so informed such prospective purchasers were the stockholders who considered themselves best acquainted with such prospective purchasers.

260 to 267 inclusively are severally denied except as follows: That Raney was acquainted with Holefca, Sandroff, Thomas Paper Stock Company, Murphy, Cronin; that all such parties had previously expressed interest in acquiring the defendant company's stock; and that Raney informed such parties of the opportunity to acquire stock through the escrow.

270 to 273 inclusive are severally denied except as follows: That Raney as general manager usually looked after purchase of paper mill felts; that felts are purchased from various suppliers including the Philadelphia Felt Company, one of the leading felt manufacturers; that Robert Brennan, a Philadelphia Felt Company salesman had married Raney's daughter; that various people named Putney are among the stockholders

of the Philadelphia Felt Company; that some of said Putneys had previously expressed interest in acquiring stock in the defendant company; and that Raney requested Brennan to inform them of the opportunity to acquire stock through the escrow.

274 to 288 inclusive are severally denied except as follows: That Bennett is the defendant company's sales manager and works under the general direction of Raney as general manager; that Bennett was well acquainted with Korneffel, Marvin, Mayer, Nadeau, Smythe and Vogeli; that all such parties had previously expressed interest in acquiring stock in defendant company; that Bennett informed such parties of the opportunity to acquire stock through the escrow; and that Raney knew thereof and approved it.

290 to 302 inclusive are severally denied except as follows: That Kirby was well acquainted with Mainzinger, Fishman Waste Paper Company, Rosen, E. W. Marvin, Gratton Construction Company, Monroe Scrap Materials Company, and Klehborth; that all such parties had previously expressed interest in acquiring stock in the defendant company; and that Kirby informed such parties of the opportunity to acquire stock through the escrow.

304. Denied except as stated in answer to No. 306.

305. Denied except as follows: That Rockton Paper Board Company is a competitor of Monroe Paper Products Company only as to a single class of light-weight chip board.

306 and 307 are severally denied except as follows: That the $25,000 paid into the escrow by Sandroff was in the form of a check from

Rockton Paper Board Company to the order of Raney; that such check was endorsed by Raney and deposited in said escrow.

* * *

314. Denied except as follows: That the terms of deposition exhibit 174, being the receipt issued Rockton, were orally amended directing the escrow committee to use all or any part of the funds deposited for the purchase of stock on Rockton's behalf, all unused funds to be returned.

317. Denied except as follows: That Huber gave Kirby a check for $4,000 and requested him to find him 400 shares of stock; that Kirby purchased such 400 shares through the escrow and turned them over to Huber.

326. Denied except as to the procurement of proxies.

328. Denied except as to the procurement of proxies.

333. Denied as to the word "purportedly."

334. Denied except as to the several items as follows:

For printing July 17 letter	$ 8.50
For printing July 30 letter	8.50
For printing notice of annual meeting, proxy statement and president's letter of 9/5/53	75.00
For printing letter of 10/6/53	34.75
Total	$126.75

337. Denied except as follows: That at the taking of their discovery depositions the plaintiffs' attorneys called for the production of quantities of the defendant company's books, records, and papers; that Miss Marion Guettler, a secretary employed by the company, attended for the purpose of keeping track of said books, records, and papers; that over the many days the plaintiffs' attorneys constantly asked Miss Guettler to return to the factory and search for other and different books, records

and papers; that as a matter of courtesy she continually fetched and carried for the plaintiffs' attorneys; that because of the distance and weather she was obliged to take taxis and incurred personal expense to the extent of $23.70; that plaintiffs' attorneys never reimbursed her for such expense; and that the defendant company thought the situation unseemly and reimbursed her itself.

343a. Denied except as follows: That by direction of the Lloyd-Thomas Company and to facilitate Lloyd-Thomas' appraisal work, the defendant company's general manager, on or about September 28, 1953 dispatched form letters to various manufacturers of paper mill equipment requesting the information mentioned.

345. Denied except as follows: That about the middle of November, 1953 at the company's office after working hours there was a meeting of numerous stockholders including Knapp, Raney, Blum, Huber, Weipert and others, some of which stockholders were also employees of the defendant company.

346. Denied except as follows: That at said meeting of stockholders in November, 1953 there was discussion of plaintiffs' apparent attempt to acquire control of defendant company; of circumstances suggesting that plaintiffs were actuated by selfish motives; of the possibility that all stock owned by all of the stockholders might become of little value and further discussion of the misfortune to the community if the control of the defendant company should pass into incompetent, selfish, or dishonest hands.

348. Denied except as follows: That Weipert was requested

by the stockholders attending this meeting to prepare papers that, when executed by a majority of Monroe's stockholders, would preserve the status quo.

349 and 351. Denied except as follows: That around the middle of November, 1953 Weipert, after various conferences with numerous stockholders including Knapp, Raney, Blum and Huber, prepared deposition exhibit 36 in draft form; and it was thereafter abandoned.

357. Denied except as follows: That on December 20, 1953 Raney conferred with Gerald Stoetzer as to various matters, including ways and means by which the majority of the stockholders could prevent their stock from becoming of little value in the event control of the company should pass into dishonest hands; also, as to measures that would permit a majority of the stockholders to join in a possible sale of their stock at a reasonable price; that thereafter on December 24, 1953 Stoetzer prepared trial exhibit 223; that said exhibit contains certain information and omits certain other information furnished him by Raney at their earlier conference.

360. Denied except as follows: That the opinions contained the same advice, were directed to different parties only, and the contents freely disclosed to anyone on inquiry.

361. Denied except as follows: That the original opinion has never been found but its existence proved by admission of a carbon copy.

366, 367, 368 and 369 are severally denied except as follows: That early in February, 1954 the Stockholders' Committee requested Raney to have the opinion in the same form given Raney directed to it at its address along with an invoice for the legal services connected therewith; that Raney so advised Stoetzer who promptly complied with such request, receiving thereafter full payment of the invoice from the Stockholders' Committee and not from the Monroe company.

386, 387, 388, 390, 391, 392, 393, 394, 396, and 397 are severally denied except as follows: That during the latter part of December, 1953 William Weipert was actively engaged in the preparation of a voting trust agreement; that in so doing he, on numerous occasions, conferred with or secured data from officials of the depository bank and various stockholders, that such of these conferences as were held at Monroe's office were usually in the evening and after working hours.

440. Denied for want of knowledge except as follows: That invitations to affiliate with the voting trust were mailed to all stockholders other than those who had earlier aligned themselves with the Feinberg, Krave, Grant and Kinsey sell-out faction; that this was the decision of the Stockholders' Committee as advised and carried out by William Weipert.

435, 436, 437 are severally denied except to the extent that the work mentioned was done after working hours by stockholders without expense to the defendant company.

444. Denied except as follows: That Deposition Exhibit 22 and the accompanying papers were mailed the same day they came from the printers and before any printed copy of a voting trust agreement had been signed; and that some time prior thereto every person whose name appeared on Deposition Exhibit 22 had committed himself in writing to join in said voting trust agreement when it should be printed; and that all

said persons afterwards did so.

449. Denied except as follows: That at the time signatures were placed on Deposition Exhibit 28 the persons signing had agreed with each other to form a voting trust and to execute a detailed written agreement as soon as it could be prepared; and they afterwards did so.

* * *

454. Denied except to the extent that such phone calls entailed no expense to the defendant company.

455. Denied as to the "large number."

456 and 457 are severally denied except as follows: That during January, 1954 a limited number of telegrams with reference to the voting trust were sent from and received at the office of the company; and that records were kept thereof; that on receipt of the telegraph bill in February, such telegrams were paid for with funds of the voting trust and not with company funds; and that in the interval and on or about February 2, the plaintiffs filed this suit.

458. Denied except to the extent that the officers and employees mentioned were stockholders of the defendant company.

459. Denied as to subdivisions (c) and (d) except to the extent that McMahon and Gutmann were stockholders of the defendant company during the time referred to.

461. Denied except to the extent that the employees referred to were also stockholders of the defendant company.

464. Denied except as follows: That Bennett, being a stockholder and being in another city on company business and at company expense, during the lunch hour or during the evenings without expense to the

company, talked with other stockholders resident in said city.

465. Denied except as follows: That Gutmann was a stockholder and also an employee of defendant company; that all his activities in connection with the voting trust were carried on without interference with his duties as such employee and without expense or inconvenience to the company; and that for the most part such activities were outside of working hours.

466 and 467 are severally denied except as follows: That stockholders made themselves parties to the voting trust by different methods; by signing the voting trust agreement or by signing and delivering a short-form card indicating their adherence to the voting trust agreement; and/or by exchanging stock certificates for voting trust certificates; and that from and after February 1, 1954 the owners of a majority of all outstanding stock had made themselves parties to the voting trust agreement.

482. Denied except as to 482a.

483. Denied except as follows: That said envelopes were addressed outside of working hours and by company stockholders.

484. Denied as to Deposition Exhibit 3.

491, 492 and 493 are severally denied except as follows: That certain stockholders who had by written agreement become parties to the voting trust prior to February 9, 1954 thereafter during March and April 1954 physically delivered their stock to the bank receiving in exchange therefor their earlier proportionate commitment of voting trust certificates.

494. Denied except as follows: That this suit was begun at about the same time as that which the voting trust became operative by

reason of more than 50% of the stockholders having adhered thereto; and before any record transfers of stock could be made; that at the beginning of this suit and for some time thereafter there was an agreement between counsel that without prejudice to the claims of the respective parties the voting trust stock would not be transferred on the defendant company's books pending the court determination of the validity of said voting trust; and that after the termination of such agreement of said counsel the defendant voting trustees have been advised by their attorneys that such transfer on the books is a formality only and that until some occasion for it arises it would be better practice to continue to defer it in the hope of an early and favorable decision in this controversy.

505 to 508 inclusive are severally denied except as follows: That during the pendency of this suit the plaintiffs purchased certain voting trust certificates at prices ranging from $15.00 to $19.00 per share; that at or after the time of the several purchases they obtained from the sellers written demands for the release of the corresponding stock from the voting trust; that in or about August, 1954 the plaintiffs' attorneys presented said demands to the Monroe State Savings Bank, depositary; that request 505 appears to be a list of the demands so presented; and that all such demands were refused.

510. Denied except as follows: That the totals set forth in this request represent the number of voting trust certificates issued on the respective dates and not the number of shares of Monroe stock then on deposit.

511. Denied except as follows: That about three hundred

stockholders (80% of all stockholders), owning 52% of the outstanding stock, deposited their stock in the voting trust and were issued voting trust certificates; that a few of such stockholders appear to be mentioned in this request; that all such parties had joined the voting trust on or before February 1, 1954; and that for lack of knowledge the defendants neither admit nor deny the issue dates of their voting trust certificates.

515 and 516. Denied except as follows: That at least a week prior to February 8, 1954 the voting trust agreement was in effect as over 80% of all Monroe stockholders owning in excess of 50% of its stock had then subscribed in writing thereto. Thereafter certain of these subscribing stockholders brought these shares of stock into the Monroe bank and exchanged them for voting trust certificates, all pursuant to their earlier binding agreement.

528. Denied except as follows: That on February 9, 1954 it was announced by letter to the stockholders that the voting trust was closed to further participation, such information also being communicated to the bank by the voting trustees and Weipert.

531. Denied except as follows: That the voting trustees never informed their voting trust subscribers that issuance of certificates might violate any law.

533. Denied except as follows: That on February 9, 1954 Weipert wrote and transmitted to Rakow trial exhibit 248.

534. Denied except as follows: That on February 10, 1954 Weipert wrote and transmitted to Rakow trial exhibit 249.

* * *

550. Denied except as answered in 551.

Defendants' Further Reply to Plaintiffs' Requests for Admissions

551. Denied except as follows: That all instructions to the voting trust depositary of which defendants are aware were transmitted to such depositary by direction of the voting trustees after consultation with their attorney William Weipert; that the voting trustees have never been advised by Francis upon any matter; and that defendants have no present recollection that the depositary was ever instructed otherwise than to continue the processing and issuing of voting trust certificates to all stockholders who had become parties to the voting trust agreement prior to February 9, 1954.

* * *

570. Denied except as answered in 366 to 369.

576. Denied except as follows: That on February 27, 1954 Weipert wrote and transmitted to the Michigan Corporation and Securities Commission trial exhibit 252.

585. Denied except as follows: That all of the persons mentioned are stockholders and that all except Huber and Leathers are also employees of the defendant company.

586. Denied except as follows: The company's traditional bonus and overtime compensation policy remained unchanged during 1954 and only the usual payments were made.

589. Denied except as follows: That on or about March 10, 1954 the Monroe State Savings Bank issued voting trust certificates aggregating approximately 10,000 shares to persons who had made themselves parties to the voting trust agreement prior to February 1, 1954.

590. Denied except as answered in 551.

591. Neither admitted nor denied for lack of knowledge as to

a "large number." On information and belief admitted as to some.

592 to 595 inclusive are severally denied except as follows: That some time prior to February 8, 1954 Sempliner's mother subscribed in writing to the voting trust agreement thereby obligating hereself to cause the physical delivery of her shares of stock to the bank in exchange for voting trust certificates; that she caused the physical delivery of her stocks to be made to the bank on March 17, 1954 and received her voting trust certificates; that during part of the summer of 1954 the bank used the mails to complete other transactions of a like nature.

598, 598 a-c are severally denied except as follows: That on March 17, 1954 Weipert and Sempliner furnished the Securities and Exchange Commission trial exhibit 306A.

609. Denied except as follows: That on or about April 12, 1954 Sempliner and Weipert conferred with Rakow as to whether a registration statement ought to have been or ought to be filed and as to the nature of such a statement if one were filed.

610. Denied except as follows: That Sempliner discussed with Securities and Exchange Commission staff members the question of whether a registration statement ought to have been or ought to be filed and as to the nature of such a statement and related papers if such a statement were to be filed.

611. Denied except as follows: That on or about April 15, 1954 Knapp and Raney conferred with attorney Stoetzer regarding events subsequent to the September, 1953 stockholders' meeting and including the voting trust and the instant law suit.

617. Denied except as follows: That at all times from and after December 31, 1953 (including the month of May, 1954) the voting trustees have been of the opinion that registration was not required, that they could not lawfully return any of the deposited stock without unanimous consent of all other depositors, and that there was no occasion to register or to seek such consent.

650. Denied except as follows: That Francis' bill for $6,586.91 for legal services and disbursements was laid before the board of directors at its meeting of September 22, 1954; that Francis was present and discussed it with the board; and that payment was approved by the following vote: Aye, directors Knapp, Raney, Blum, Sempliner; No, none; Not voting, directors Kinsey, Grant, Feinberg; Absent, director Leathers.

652 and 653 are severally denied except subject to the following qualification: That on many occasions attorneys for some of the defendants were unable to attend at the times when plaintiffs desired to take depositions; and that for the convenience of plaintiffs' counsel, and to permit them to proceed at the times they desired, and with the consent of plaintiffs' counsel, defense attorneys made arrangements among themselves so that it was not necessary for all of them to be present at all times.

654. Denied except as follows: That in his representation of the interests of the defendant company in this cause its attorney reasonably incurred expenses of $4,249.88 in stenographic and transcript expense and in the engagement of local counsel in Connecticut.

664 and 665 are severally denied except as follows: That Weipert stated to Hart that consideration had been given to his suggestion for a rescission offer and a late registration, that the voting trustees had not thought it possible to adopt the suggestion, and that thereafter it had come to the trustees' notice that plaintiffs had been purchasing voting trust certificates.

666. Denied except as follows: That the voting trustees had been and continued to be unwilling to offer any rescission for the reasons stated in paragraph 617 above; and that they became more convinced than ever of the correctness of their view, upon being informed of plaintiffs' efforts to acquire an interest in the voting trust by purchasing from a limited number of depositors at preferential prices.

667. Denied except as follows: That at said conference Francis made a statement as to the position of the defendant company, which statement was not unduly lengthy; and there is no present recollection as to whether Cook furnished any data.

669, 670, 671. Denied except as follows: That at said conference it was stated (no present recollection by whom) that a voting trust had been advised by Clark, Klein, Brucker & Waples in a written opinion; that there were two copies of the said opinion, being deposition exhibit 30 and trial exhibit 224, both of the same tenor; and that the deposition exhibit 30 was exhibited at said conference.

672. Denied except as follows: That at said conference no one inquired whether deposition exhibit 30 was a copy of trial exhibit 224 made at a later date and that in consequence there was no statement made

on the subject.

673. Denied except as follows: That company attorney Francis stated that if there was a violation it was a technical one innocently made to the detriment of no one and that court action by the Securities and Exchange Commission could adversely affect the welfare of the company and its stockholders.

676. Denied except as follows: That Francis stated that the financial statements furnished prior to the 1953 annual meeting were more informative than those furnished in previous years.

678. Denied except as follows: That the voting trustees were at all times willing to give favorable consideration to exercising the power of sale in the voting trust agreement.

679. Denied except as follows: That Knapp complained of the unethical tactics and sharp practices employed by Waterbury and its agents in their solicitation of Monroe's stockholders.

683. Denied except as follows: That Weipert stated stockholders subscribing to the voting trust agreement were fully informed as to its terms and conditions as they were given a copy of it prior to assenting thereto.

689. Denied except as follows: That Francis stated that the company and its stockholders considered the matter of sufficient importance for a hearing before the Commission in Washington.

690 and 692. Denied except as follows: That on July 2, 1954 Weipert furnished the Securities and Exchange Commission trial exhibit 255.

706. Denied except as follows: That on August 9, 1954 Weipert furnished to the Securities and Exchange Commission trial exhibit 262.

707 an d 708. Denied except as follows: That on August 13, 1954 Weipert furnished to the Securities and Exchange Commission trial exhibit 403.

720. The existence of the pamphlet is admitted; that it purports to contain "industry standards" is admitted. It is denied that it contains any standards, rules, regulations, or guides which have any general acceptance by the paper trade in this locality.

742. Denied except as follows: The statement is true as to Chicago only.

747. Denied except as follows: That beginning about October 1, 1953 it appeared to defendant company and its management that the trend in customers' specifications was such that the company would require more kraft than formerly; that it likewise appeared probable that the market price of waste paper would increase so that it would be advantageous to the company to increase its waste paper inventory; that the Thomas Paper Stock Company's method of operation was that by mail, telephone or telegraph it purchased stocks of baled waste paper at points throughout the country and ordered them shipped to its customers without itself seeing the material; that defendant company arranged with said Thomas that said Thomas would supply kraft to defendant company in quantity at $50.00 per ton delivered in Monroe, that being a price below the national market and the best price which defendant company was able to obtain;

that Thomas should cause such material to be shipped from time to time from point of origin as it should be available, until defendant company should order otherwise; that defendant company would inspect all income shipments in accordance with the usage of the trade; that if on such inspection any of the material should be found unacceptable as kraft it would be reclassified by defendant company and paid for according to its true value; that the parties had previously dealt with each other satisfactorily on substantially this basis over many years; that on this basis throughout the year following October 1, 1953 the defendant company was able to obtain from Thomas its requirements of kraft and to accumulate a substantial inventory at advantageous prices; and that the market price of waste paper having trended upward, the defendant company's inventory appreciated in value at least $25,000.

753 and 754. Denied except as follows: The materials in question were purchased partly for $45.00 per ton and partly for $50.00 per ton due to a change of price in the middle of the period. They are recorded on the company's records partly at $45.00 per ton, partly at $50.00 per ton, according to the fact.

755. Denied except as follows: That kraft material is not available in the local market in quantities sufficient to supply the defendant company's requirements. That insofar as it is available locally it is usually cheaper than when purchased from nation-wide dealers. That accordingly the defendant company buys and has always bought as much local kraft as possible, due regard being had to quality and inventory requirements. That for the bulk of its requirements the defendant company

buys and has always bought from a national stand-by supplier at the most favorable prices it can obtain. That since 1945 or earlier it has so dealt and satisfactorily, with Thomas Paper Stock Company. That the prices paid locally during July, August, and September, 1953 were as stated in said request.

761 to 764 are severally denied except as follows: In December, 1953 the defendant company purchased from Thomas a special order of mill wraps with some mixed waste for experimental use in connection with a special government job; that the material was so used, and that it was paid for at $10.00 per ton plus freight from point of origin.

765. Denied except as follows: That kraft material is not available in the local market in quantities sufficient to supply the defendant company's requirements. That insofar as it is available locally it is usually cheaper than when purchased from nation-wide dealers. That accordingly the defendant company buys and has always bought as much local kraft as possible, due regard being had to quality and inventory requirements. That for the bulk of its requirements the defendant company buys and has always bought from a national stand-by supplier at the most favorable prices it can obtain. That since 1945 or earlier it has so dealt and satisfactorily, with Thomas Paper Stock Company. That the prices paid locally during October, November and December, 1953 were as stated in said request.

767. Denied as to the word "substandard."

773 to 776 inclusive. Denied except as follows: That the material in question was for the most part high-grade kraft, but was found

to contain occasional intermixture of tar, tape, chip, straw, cores or wet paper and was in consequence not worth the full kraft price; that it was accordingly subject to being downgraded; that it thereupon became the duty of the defendant company's receiving clerk to consider the quality of the acceptable material, the extent of the inter-mixture of lower-grade material, the use the company could make thereof, and to determine a fair and reasonable price under the circumstances. That the receiving clerk in his judgment rated the entire material as having various values below that of kraft, and that as defendants are informed and believe, such action was fair and reasonable.

790. Denied as to the word "substandard."

794. Denied except as follows: That on one occasion defendant company declined a small quantity of kraft which E. W. Marvin & Company represented that it could procure from a certain generating plant whose output defendant company had previously purchased and found undependable; that on another occasion it declined a small quantity of kraft originating with National Container Corporation because it believed said National Container Corporation to be unfriendly and an unsafe source of supply; and that on other occasions it declined to receive individual truck loads of waste paper unless they could be delivered at defendant company's plant during working hours.

795. Denied except as follows: That an occasional bale was found to contain foreign material and was downgraded accordingly; and that the shipments in this respect were like all large consignments of waste paper received by all mills.

799. Denied as to the word "substandard."

801. Denied except as follows: That kraft material is not available in the local market in quantities sufficient to supply the defendant company's requirements. That insofar as it is available locally it is usually cheaper than when purchased from nation-wide dealers. That accordingly the defendant company buys and has always bought as much local kraft as possible, due regard being had to quality and inventory requirements. That for the bulk of its requirements the defendant company buys and has always bought from a national stand-by supplier at the most favorable prices it can obtain. That since 1945 or earlier it has so dealt and satisfactorily, with Thomas Paper Stock Company. That the prices paid locally during July 1, 1954 to November 1, 1954 were as stated in said request.

* * *

819. Denied except as follows: That one Swaney, an employee of the plaintiffs, was in and about the waste paper and finished roll storage and appeared to be making counts and calculations.

* * *

831. Denied except as follows: That from January 1, 1953 to June 30, 1954 and before and after, the defendant company has purchased waste paper from E. W. Marvin Company, and defendants are informed and believe that some of such waste paper had been acquired by E. W. Marvin Company from the Ford Motor Company.

832. Denied except as follows: That the prices paid E. W. Marvin Company were fixed by negotiation between the parties and may frequently have coincided with the published quotations mentioned.

833. Denied except as follows: That the figures given are

some of the price quotations furnished from time to time by E. W. Marvin Company, do not represent offers to supply, and do not refer to any material actually on hand. Insofar as this request covers the same topics covered by requests 794, 796, 797, 831 and 832, see answers thereto.

839. Denied except as follows: Raney objected to the sending of Peat, Marwick, Mitchell's confirmation request to Thomas Paper Stock Company pending the clearing of payments in transit ~~and~~ objected to the sending of a confirmation request to Shartle Brothers pending negotiations as to disposition of used machinery; and that thereafter such requests were duly forwarded and the balances owing were duly confirmed.

841. Denied except as follows: That Raney declined to sign certain forms tendered by Peat, Marwick, Mitchell until he could discuss them with the company attorney and that promptly after such discussion he signed and delivered such forms to Peat, Marwick & Mitchell.

842. Denied except as follows: That Monroe Paper Products Company valued its 1954 year-end inventory at the average cost paid for comparable purchases over the preceding ninety-day period; that this valuation method has always been used; and that there was no loss of utility or deterioration regarding said inventory.

* * *

858. Denied except as answered in 337.

862. Denied except as follows: That it has always been the custom of the defendant company to reimburse its officials for the usual and necessary expenses of travel on company business, including luncheons for themselves and for business acquaintances; that the items listed include all such expenses of Raney for a period of eleven months;

that prior to February 1, 1954 they include nothing relating to any depositions, investigation or court proceedings; that subsequent to February 1, 1954 they include the travel expense necessary in the attendance at depositions or in court in Detroit in a case to which the company was a party and for which Raney was subpoenaed or was asked by the company attorney to be present, or for conferences with the company attorney.

867 - 870. Neither admitted nor denied for want of present recollection except as follows: That the hourly employees' pension plan was adopted in the latter part of the fiscal year ending June 30, 1954; that a partial year's premium was paid on said plan for that year rather than a full year's premium; and that at the end of said year the profits were less than for the preceding year.

880. Denied except as follows: That Holefca will receive the usual commissions paid by the pension plan carriers, the amount of which is unknown and contingent upon the performance of services to the satisfaction of the Monroe board.

923. Denied except as follows: Admitted as to (a), (b), (c), (d), (e), (f), (g), (k), (n), and (p) only.

928. Denied except as follows: That between October 1, 1953 and January, 1954 a large number of shares of defendant company's stock were transferred on the books to Bender and Company, nominee of Chase National Bank, pledgee of the plaintiffs. That during said period plaintiffs announced that they would acquire additional stock. That they afterwards produced for transfer additional stock which they had acquired. The dates of the particular purchases are not known to defendants.

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AFFIDAVIT RE OPERATING STATEMENTS APRIL 30, 1956 AND APRIL 30, 1957

(Filed July 5, 1957)

STATE OF CONNECTICUT)
) ss.
COUNTY OF NEW HAVEN)

JOHN P. KINSEY, being duly sworn, deposes and says:

1. He is a director of Monroe Paper Products Company and one of the plaintiffs in the above action and makes this affidavit in support of plaintiffs' motion for summary judgment as to the voting trust, pending therein.

2. He has personal knowledge of the matters stated herein and is competent to testify as to the same.

3. Monroe Paper Products Company's Financial And Operating Statements, Ten Months Ended April 30, 1956 and Ten Months Ended April 30, 1957, of which the attached photostatic copies are, respectively, true copies, were furnished by the officers of Monroe Paper Products Company to deponent as a director thereof. *

/s/ John P. Kinsey

Subscribed and sworn to before me this 1st day of July, 1957.

/s/ F. D. Putnam
Notary Public, New Haven
County, Connecticut (SEAL)

My commission expires: 4/1/62

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* Only balance sheets and profit and loss portions are printed.

MONROE PAPER PRODUCTS COMPANY
MONROE, MICHIGAN

BALANCE SHEET, APRIL 30, 195[illegible]

ASSETS

CURRENT ASSETS			
Cash on Hand and on Deposit			$ 319,688.82
U. S. Government Obligations			100,000.00
Accounts Receivable - Trade	$ 205,616.36		
Sundry Receivables	2,004.82	$ 207,621.18	
Less: Reserve for Doubtful Accounts		10,030.56	197,590.62
Inventories (at cost) - Estimated			595,008.50
Total Current Assets			$ 1,212,287.94
PROPERTY			
Land		$ 13,972.72	
Buildings	$ 710,552.09		
Machinery and Equipment	1,308,334.86		
Total	$ 2,018,[illegible].95		
Less: Reserve for Depreciation	1,239,213.92	779,673.03	
Real Estate not used in Operations		25,000.00	818,645.75
OTHER SECURITIES OWNED			34,175.00
DEFERRED CHARGES			18,678.23
Total Assets			$ 2,083,786.92
LESS: CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses-Estimated		$ 248,044.54	
Total Liabilities			248,044.54
NET WORTH CONSISTING OF THE FOLLOWING:			
Common Stock Outstanding ($1.00 par value per share)		$ 186,671.00	
Capital and Earned Surplus		1,649,071.38	$ 1,835,742.38

THIS STATEMENT WAS PREPARED FROM BOOKS, RECORDS AND INFORMATION FURNISHED, WITHOUT COMPLETE AUDIT.

EXHIBIT "A"

MONROE PAPER PRODUCTS COMPANY
MONROE, MICHIGAN

TEN MONTHS ENDED APRIL 30, 1956 AND 1955 AND MONTH OF APRIL, 1956 AND 1955

	TEN MONTHS ENDED APRIL 30, 1956	TEN MONTHS ENDED APRIL 30, 1955	MONTH OF APRIL, 1956	MONTH OF APRIL, 1955
GROSS SALES	$ 2,500,675.68	$ 2,707,915.25	$ 213,902.43	$ 305,427.46
DEDUCTIONS FROM SALES				
Commissions	$ 72,589.58	$ 84,672.06	$ 6,083.54	$ 10,180.73
Transportation	83,235.70	113,434.14	8,138.10	14,176.36
Total Deductions	$ 155,825.28	$ 198,106.20	$ 14,221.64	$ 24,357.09
NET SALES	$ 2,344,850.40	$ 2,509,809.05	$ 199,680.79	$ 281,070.37
COST OF SALES	2,039,438.97	2,052,949.50	175,893.76	237,823.75
GROSS PROFIT ON SALES	$ 305,411.43	$ 456,859.55	$ 23,787.03	$ 43,246.62
SELLING AND ADMINISTRATIVE EXPENSES	239,361.46	231,293.12	23,256.33	22,612.19
OPERATING PROFIT	$ 66,049.97	$ 225,566.43	$ 530.70	$ 20,634.43
OTHER INCOME				
Truck Operations	$ 6,130.29	$ 9,719.06	$ 1,303.59	$ 475.22
Discounts Earned	4,429.70	5,020.92	380.59	395.08
Farm Income	546.99	664.84	-0-	-0-
Interest	2,000.00	2,000.00	200.00	200.00
Total Other Income	$ 13,106.98	$ 17,404.82	$ 1,884.18	$ 1,070.30
OPERATING PROFIT AND OTHER INCOME	$ 79,156.95	$ 242,971.25	$ 2,414.88	$ 21,704.73
OTHER DEDUCTIONS				
Miscellaneous	$ 403.68	$ 1,461.85	$ (446.14)	$ 353.37
Discounts Allowed	23,133.27	24,545.78	1,897.03	2,717.28
Taxes on Excess Land	1,000.00	1,000.00	100.00	100.00
Pension Provision	55,000.00	50,000.00	5,500.00	5,000.00
Total Other Deductions	$ 79,536.95	$ 77,007.63	$ 7,050.89	$ 8,170.65
NET PROFIT OR (LOSS) BEFORE TAXES ON INCOME	$ (380.00)	$ 165,963.62	$ (4,636.01)	$ 13,534.08
Estimated Federal Income Taxes	(197.60)	80,801.08	(1,474.40)	7,037.72
NET PROFIT OR (LOSS)	$ (182.40)	$ 85,162.54	$ (3,161.61)	$ 6,496.36

THIS STATEMENT WAS PREPARED FROM BOOKS, RECORDS AND INFORMATION FURNISHED, WITHOUT COMPLETE AUDIT.

EXHIBIT "B"

MONROE PAPER PRODUCTS COMPANY
Monroe, Michigan

BALANCE SHEET, APRIL 30, 1957

ASSETS			
CURRENT ASSETS			
Cash on Hand and in Banks			$ 285,870.05
U. S. Government Obligations			250,000.00
Accounts Receivable - Trade	$ 248,679.94		
Sundry Receivables	28,084.83	$ 276,764.77	
Less: Reserve for Doubtful Accounts		18,812.40	257,952.37
Inventories - At cost (Estimated)			466,811.63
Total Current Assets			$ 1,260,634.05
PROPERTY			
Land		$ 13,972.72	
Buildings	$ 709,443.79		
Machinery and Equipment	1,352,334.07		
Total	$ 2,061,777.86		
Less: Reserve for Depreciation	1,365,412.60	696,365.26	
Real Estate not used in Operations		25,000.00	735,337.98
OTHER SECURITIES OWNED			42,634.00
DEFERRED CHARGES			18,515.99
Total Assets			$ 2,057,122.02
LESS: CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses (Estimated)		$ 286,090.07	
Total Liabilities			286,090.07
NET WORTH CONSISTING OF THE FOLLOWING:			
Common Stock Outstanding ($1.00 par value per share)		$ 186,671.00	
Capital and Earned Surplus		1,584,360.95	$ 1,771,031.95

This statement was prepared from books, records and information furnished, without complete audit.

Exhibit "A"

MONROE PAPER PRODUCTS COMPANY
MONROE, MICHIGAN

TEN MONTHS ENDED APRIL 30, 1957 AND 1956
AND MONTH OF APRIL, 1957 AND 1956

	TEN MONTHS ENDED		MONTH OF	
	APRIL 30, 1957	APRIL 30, 1956	APRIL, 1957	APRIL, 1956
GROSS SALES	$ 2,262,730.13	$ 2,500,675.68	$ 248,161.30	$ 213,902.43
DEDUCTIONS FROM SALES				
COMMISSIONS	$ 50,863.65	$ 72,589.58	$ 6,123.30	$ 6,083.54
TRANSPORTATION	91,520.85	83,235.70	13,102.05	8,138.10
TOTAL DEDUCTIONS	$ 142,384.50	$ 155,825.28	$ 19,225.35	$ 14,221.64
NET SALES	$ 2,120,345.63	$ 2,344,850.40	$ 228,935.95	$ 199,680.79
COST OF SALES	1,855,809.31	2,039,438.97	204,742.32	175,893.76
GROSS PROFIT ON SALES	$ 264,536.32	$ 305,411.43	$ 24,193.63	$ 23,787.03
SELLING AND ADMINISTRATIVE EXPENSES	251,540.36	239,361.46	25,225.88	23,256.33
OPERATING PROFIT OR (LOSS)	$ 12,995.96	$ 66,049.97	$ (1,032.25)	$ 530.70
OTHER INCOME				
TRUCK OPERATIONS	$ 7,043.06	$ 6,130.29	$ 92.60	$ 1,303.59
DISCOUNTS EARNED	2,879.59	4,429.70	419.18	380.59
FARM INCOME	506.32	546.99	-0-	-0-
INTEREST	3,550.00	2,000.00	600.00	200.00
TOTAL OTHER INCOME	$ 13,978.97	$ 13,106.98	$ 1,111.78	$ 1,884.18
OPERATING PROFIT AND OTHER INCOME	$ 26,974.93	$ 79,156.95	$ 79.53	$ 2,414.88
OTHER DEDUCTIONS				
MISCELLANEOUS	$ 1,157.13	$ 403.68	$ 45.70	$ (446.14)
DISCOUNTS ALLOWED	20,231.96	23,133.27	2,004.51	1,897.03
TAXES ON EXCESS LAND	1,000.00	1,000.00	100.00	100.00
PENSION PROVISION	55,000.00	55,000.00	5,500.00	5,500.00
TOTAL OTHER DEDUCTIONS	$ 77,389.09	$ 79,536.95	$ 7,650.21	$ 7,050.89
NET LOSS BEFORE TAXES ON INCOME	$ 50,414.16	$ 380.00	$ 7,570.68	$ 4,636.01
LESS ESTIMATED FEDERAL INCOME TAXES	26,215.36	197.60	3,936.75	1,474.40
NET LOSS	$ 24,198.80	$ 182.40	$ 3,633.93	$ 3,161.61

THIS STATEMENT WAS PREPARED FROM BOOKS, RECORDS AND INFORMATION FURNISHED, WITHOUT COMPLETE AUDIT.

EXHIBIT "B"

UNITED STATES DISTRICT COURT
FOR THE
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

JOHN P. KINSEY, ET AL.,

Plaintiffs,

v.

BURTON S. KNAPP, ET AL.,

Defendants.

Civil Action
NO. 13179

....

PLAINTIFFS' REQUESTS FOR ADMISSIONS OF GENUINENESS OF DOCUMENTS

(Filed July 22, 1957)

Pursuant to Rule 36, F.R.C.P., plaintiffs request individual defendants, prior to August 1, 1957, to admit that the following documents are genuine:

1. DEPOSITION EXHIBITS:

1, 1A, 2, 3, 3A, 4, 5, 5A, 5B, 5C, 5D, 5E, 5F, 5G, 6, 6A, 7, 8, 10, 11, 12, 13, 14, 14A, 14B, 14D, 19, 20, 21, 22, 25, 26, 27, 29, 29A, 29B, 29C, 29G, 31, 31A, 32, 32A, 32B, 32C, 33, 34, 34A, 34B, 34C, 34D, 35, 35A, 36, 37, 38, 40, 40A, 40B, 41, 41A, 41B, 42, 44, 44A, 44B, 44C, 44D, 44E, 44F, 44G, 44H, 44I, 44J, 44K, 44L, 44M, 44N, 44O, 44P, 44Q, 44R, 44S, 44T, 45, 47, 48, 49, 58, 59, 60, 61A, 62, 64, 65, 66, 68, 70, 72, 73, 74, 74A, 74B, 74C, 74D, 74E, 74F, 74G, 75, 76, 77 (Leathers' Certificate), 77 (Raney Check), 77A, 78, 79, 79A, 79B, 80, 80A, 80B, 80C, 81, 81A, 82, 83, 83A, 83B, 84, 85, 86, 86A, 86B, 86C, 86D, 86E, 86F, 86G, 86H, 86I, 86J, 86K, 86L, 86M, 87, 87A-87KKK inclusive, 88, 88A, 89, 90, 91, 93, 96, 97, 97A, 98-3, 98-7, 98-9, 98-10, 98-24, 98-26, 99, 99A, 99B, 100, 115, 116, 119, 120, 120A, 120B, 120C, 120D, 120E, 120F, 120G, 120H, 121, 122, 123, 123A, 123B, 124, 124A, 124B, 124C, 124D, 124E, 125, 129, 130, 136, 143, 143A, 143B, 143C, 144, 144A, 144B, 144C, 144D, 144E, 144F, 145, 145A, 145B, 145C, 145D, 145E, 145F, 145G, 145H, 145I, 145J, 146, 146A, 146B, 146C, 147, 147A, 147B, 148, 149, 149A, 149B, 149C, 150, 151, 151A, 160, 161, 161A, 162, 162A, 162B, 162C, 162D, 162E, 162F, 162G, 162H, 162I, 162J, 162K, 162L, 162M, 162N, 164 164A, 165, 165A, 165B, 165C, 170, 171, 172, 174, 175, 176, 181, 182, 182A, 182B, 182C, 182D, 182E, 182F, 182G, 182H, 182I, 182J, 182K, 182L, 182M, 182N, 183, 183A, 183B, 183C, 183D, 183E, 183F, 183G, 183H, 183I, 183J, 183K.

2. TRIAL EXHIBITS:

1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 12A, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 31, 31A, 32, 33, 34, 35, 39, 40, 41, 42, 43, 44, 44A, 44B, 44C, 45, 47, 48, 49, 50, 51, 51A, 51B, 51C, 53, 54, 55, 56, 56A, 56B, 56C, 56D, 56E, 56F, 56G, 56H, 59, 60, 61, 62, 63, 64, 65, 65A, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 90, 91, 93, 94, 95, 101, 103, 104, 105, 106, 107, 108,

Plaintiffs' Requests for Admissions of Genuineness of Documents

108A, 109, 110, 112, 113, 114, 115, 116, 117, 118, 118A,
119, 120, 120A, 122, 123, 124, 124A, 124AA, 124B, 124C,
124D, 124E, 124F, 124G, 124H, 124I, 124J, 124K, 124L,
124M, 124N, 124O, 124P, 124Q, 124R, 132, 133, 134, 135,
136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147,
148, 149, 150, 151, 152, 153, 154, 155, 156, 157 158, 159,
160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171,
172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183,
184, 185, 185A, 185B, 185C, 185D, 185E, 185F, 186, 187,
188, 197, 203, 204, 205, 206, 207, 208, 209 (Photo), 209
(Proxy), 210, 211, 212, 213, 214, 215, 216, 217, 218, 219,
220, 221, 222, 223, 224, 225, 226, 227, 228, 230, 231, 232,
233, 234, 235, 236, 239, 240, 241, 242, 243, 244, 245, 246,
248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259,
260, 261, 262, 263, 264, 265 (breakdown of bills) 265 (photograph), 266, 267, 268, 269, 270, 271, 272, 274, 275, 276,
277, 278, 279, 280, 281, 281A, 285, 286, 287, 288, 289,
294A,
290, 291, 292, 293, 293A, 294/ 295, 296, 297, 306, 306A,
307, 308, 309, 310, 310A, 311, 311A, 311B, 311C, 311D,
312, 313, 314, 315, 319, 339, 341, 349, 350, 351, 352, 353,
360, 364, 365, 370, 371, 375, 376, 377, 378, 379, 383, 384,
385, 391, 392, 393, 394, 395, 396, 397, 398, 399, 403, 403A,
403B, 403C, 403D, 403E, 404, 405 (Calendar stubs) 405A,
405B, 406, 406A, 407, 407A, 409, 409H, 409J, 409K, 409L,
409M, 411, 412, 413, 413A, 413B, 414, 415, 417, 418, 420,
427, 428, 429, 430, 431, 432, 433, 434, 434A-434JJ inclusive,

435, 435A-435GGG inclusive, 436, 436A, 436B, 436C, 437, 437A, 437B, 437C, 438, 438A, 439, 439A, 441, 441A, 442, 443, 444, 445, 445A, 445B, 446, 446A, 446B, 447, 447A, 448, 448A, 448B, 449, 449A, 449B, 450, 450A, 450B, 451, 451A, 451B, 452, 452A, 452B, 453, 453A, 454, 454A, 455, 455A, 455B, 456, 456A, 456B, 457, 457A, 457B, 458, 458A, 458B, 459, 459A, 459B, 460, 460A, 460B, 461, 461A, 461B, 462, 462A, 462B, 463, 463A, 463B, 464, 464A, 464B, 464C, 465, 465A, 465B, 466, 466A, 466B, 467, 467A, 467B, 468, 468A, 468B, 469, 469A, 469B, 470, 470A, 470B, 471, 471A, 471B, 472, 472A, 472B, 473, 473A, 473B, 474, 474A, 474B, 475, 475A, 475B, 476, 476A, 476B, 477, 477A, 477B, 478, 478A, 478B, 479, 479A, 479B, 480, 480A, 480B, 480C, 480D, 480E, 481, 481A, 481B, 482, 482A, 482B, 483, 484, 485, 486, 486A, 486B, 486C, 486D, 486E, 486F, 490, 491, 494 (monthly report), 494 (telegram), 495, 496.

Dated: July 19, 1957

(George E. Brand)

(George E. Brand, Jr.)

Attorneys for Plaintiffs
3709-23 Cadillac Tower
Detroit 26, Michigan

DEFENDANT VOTING TRUSTEES' ANSWER TO PLAINTIFFS' REQUESTS FOR ADMISSIONS AS TO GENUINENESS OF DOCUMENTS

(Filed Aug. 5, 1957)

Pursuant to Rule 36, F.R.C.P., defendant voting trustees herewith make their answer to plaintiffs' latest requests for admissions bearing date of July 19, 1957:

1. Answering plaintiffs' paragraph 1 entitled "Deposition Exhibits," defendant voting trustees admit the genuineness only of the documents there identified by numbers, subject however to the terms and limitations of Rule 36 including the right to interpose all pertinent objections as to admissibility at the time of trial. And further, no admission is here made of the accuracy or truthfulness of the information or statements appearing in any of said documents.

2. Partially answering plaintiffs' paragraph 2 entitled "Trial Exhibits," defendant voting trustees admit the genuineness only of the following numbered documents, subject however to the terms and limitations of Rule 36 including the right to interpose all pertinent objections as to admissibility at the time of trial. And further, no admission is here made of the accuracy or truthfulness of the information or statements appearing in any of said documents:

Defendant Voting Trustees' Answer to Plaintiffs' Requests for Admissions as to Genuineness of Documents

1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 12A, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 31, 31A, 32, 33, 34, 35, 39, 40, 41, 42, 43, 44, 44A, 44B, 44C, 45, 47, 48, 49, 50, 51, 53, 54, 55, 56, 56A, 56B, 56C, 56D, 56E, 56F, 56G, 56H, 59, 60, 61, 62, 63, 64, 65, 65A, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 90, 91, 93, 94, 95, 101, 103, 107, 108, 108A, 109, 110, 112, 113, 114, 117, 118, 118A, 119, 120, 120A, 122, 124, 124B, 124C, 124D, 124E, 124F, 124G, 124H, 124I, 124J, 124K, 124L, 124M, 124N, 124O, 124P, 124Q, 124R, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 185A, 185B, 185C, 185D, 185E, 185F, 186, 187, 188, 197, 206, 207, 208, 209 (photo), 209 (proxy), 210, 211, 212,213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 230, 231, 232, 233, 235, 239, 240, 241, 242, 243, 244, 245, 246, 248, 249, 250, 251, 252, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, X267, 268, 269, 270, 271, 272, 274, 275, 276, 278, 279, 281, 281A, 285, 286, 287, 288, 289, 290, 291, 292, 293, 293A, 294, 294A, 295, 296, 297, 306, 306A, 307, 308, 309, 310, 310A, 311, 311A, 311B, 311C, 311D, 312, 313, 314, 315, 319, 339, 341, 349, 350, 351, 352, 353, 364, 365, 370, 371, 376, 377, 378, 379, 384, 391, 392, 393, 394, 395, 396, 397, 398, 399, 403, 403A, 403B 403C, 403D, 403E, 405 (Calendar stubs) 405A, 405B, 406, 407,

Defendant Voting Trustees' Answer to Plaintiffs' Requests for Admissions as to Genuineness of Documents

407A, 409, 409H, 409J, 409K, 409L, 409M, 411, 412, 413, 413A, 413B, 414, 415, 417, 418, 420, 427, 429, 430, 431, 432, 433, 434, 435, 435A-435GGG inclusive, 436B, 437, 437C, 438A, 439, 439A, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 486D, 490, 491, 494 (monthly report), 494 (telegram), 495, 496.

Further answering plaintiffs' paragraph 2, defendant voting trustees neither admit nor deny the genuineness of any of the following numbered documents for lack of knowledge thereof:

104, 105, 106, 115, 116, 123, 203, 204, 205, 234, 236, 253, 263, 265, 266, 267, 277, 280, 360, 375, 383, 385, 396, 397, 398, 399, 404, 428, 434A to 434JJ inclusive, 436, 436A, 436C, 437A 437B, 438, 441A, 445A, 445B, 446A, 446B, 447A, 448A, 448B, 449A, 449B, 450A, 450B, 451A, 451B, 452A, 452B, 453A, 454A, 455A, 455B, 456A, 456B, 457A, 457B, 458A, 458B, 459B, 460A, 460B, 461A, 461B, 462A, 462B, 463A, 463B, 464A, 464B, 464C, 465A, 465B, 466A, 466B, 467A, 467B, 468A, 468B, 469A, 469B, 470A, 470B, 471A, 471B, 472A, 472B, 473A, 473B, 474A, 474B, 475A, 475B, 476A, 476B, 477A, 477B, 478A, 478B, 479A, 479B, 480A, 480B, 480C, 480D, 480E, 481A, 481B, 482A, 482B, 483, 484, 485, 486, 486A, 486B, 486C, 486E, 486F

Finally, as to the following numbered documents in plaintiffs' paragraph 2, defendant voting trustees, after a diligent search, have been unable to discover the existence or identity of the below numbered documents and therefore are unable to admit or deny genuineness for lack of knowledge thereof:

51A, 5 B, 51C, 124A, 124AA, 406A.

Dated:
August 5th, 1957

FISCHER, SPRAGUE, FRANKLIN & FORD

/s/ Richard Ford

/s/ Kenneth B. McConnell
Attorneys for Defendant
Voting Trustees
1100 Dime Building
Detroit 26, Michigan

/s/ Arthur W. Sempliner
Arthur W. Sempliner
Attorney for Defendants,
Individually, etc.
2005 Dime Building
Detroit 26, Michigan

NOTICE OF CROSS APPEAL

(Filed Aug. 6, 1957)

NOTICE IS HEREBY GIVEN that plaintiff John P. Kinsey, Individually, and as a Director and Stockholder of Monroe Paper Products Company, a Michigan corporation, and plaintiffs Lawrence G. Kunkel and The Waterbury Corrugated Container Co., a Connecticut corporation, Individually and as Stockholders of said Monroe Paper Products Company, hereby appeal and cross appeal to the United States Court of Appeals for the Sixth Circuit from:

1. The following parts of the Partial Final Judgment entered in the above entitled cause on August 1, 1957:

    (a) Those parts of paragraph 3 on page 2 which held that the Voting Trust Agreement dated as of December 31, 1953 and the deposits of Monroe Paper Products Company stock made thereunder were not void.

    (b) Paragraph 5 on page 3.

2. The following parts of the Findings of Fact, Conclusions of Law and decision filed by the District Judge on July 30, 1957:

    (a) Those parts of said Findings of Fact that determined that:

        (1) The voting trust was created when plaintiffs and defendants were waging a fight to gain financial and management control of the corporation. (Appearing on page 2)

        (2) The first stage of the battle for control began in September 1953 and was precipitated by the National Container offer. (Appearing on page 2)

        (3) Defendants' escrow agreement provided that any person wishing to purchase company stock could deposit money in the escrow fund. (Appearing on page 2)

(4) Plaintiffs challenge the escrow purchases solely because of fraudulent means employed.
(Appearing on page 2)

(5) The voting trust was executed on December 31, 1953 as a permanent proxy to defendants for a period of five years.
(Appearing on page 3)

(b) Conclusions of Law Nos. (1), (2), (3), (4), (5).
(Appearing on pages 3-8)

(c) Paragraph "3" of the decision.
(Appearing on page 13)

Dated August 6, 1957

GEORGE E. BRAND
GEORGE E. BRAND, JR.

By /s/ George E. Brand, Jr.

Attorneys for Plaintiffs-Appellees
3709-23 Cadillac Tower
Detroit 26, Michigan

COST BOND ON APPEAL

(Filed Aug. 6, 1957)

KNOW ALL MEN BY THESE PRESENTS, That JOHN P. KINSEY, LAWRENCE G. KUNKEL and THE WATERBURY CORRUGATED CONTAINER COMPANY, as Principals, and AMERICAN BONDING COMPANY OF BALTIMORE, a Maryland corporation, as Surety, are held and firmly bound unto BURTON S. KNAPP, CHARLES E. RANEY, GEORGE A. BLUM, DON B. LEATHERS, ARTHUR W. SEMPLINER and GEORGE J. HUBER as Obligees, in the sum of TWO HUNDRED AND FIFTY DOLLARS ($250), lawful money of the United States of America, to be paid to said Obligees, or to their certain attorneys, heirs, executors, administrators or assigns, to which payment well and truly to be made we bind ourselves, our heirs, executors, administrators, successors and assigns, and each and every of them, firmly by these presents.

SEALED WITH OUR SEALS, dated the 2nd day of August, 1957.

THE CONDITION OF THIS OBLIGATION IS SUCH, That whereas on August 1, 1957 a partial final judgment was entered in the above entitled action and the above named Principals as Plaintiffs therein have duly filed a notice of appeal and cross appeal to the United States Court of Appeals for the Sixth Circuit,

Now, therefore, the condition of this bond is that if the said Principals - Plaintiffs shall pay all costs if the appeal is dismissed or such costs as the Court of Appeals may award against them if the judgment is modified, then the above obligation to be void, otherwise to remain in full force and effect.

John P. Kinsey, Lawrence G. Kunkel and
The Waterbury Corrugated Container Company

By /s/ George E. Brand, Jr.
Their duly authorized attorney

AMERICAN BONDING COMPANY OF
BALTIMORE
By /s/ Alfred I. Dreifus
Attorney in Fact (SEAL)

Depn. Ex. 1

Minutes of Special Meeting of Board of Directors, June 8, 1937:

* * *

The question of the sale of the company's unissued stock was then brought up and Director Sullivan stated that on investigation he was satisfied that the stock must be registered with the Federal Securities Commission. After considerable discussion as to the advisability of reducing the number of shares to be sold with a view to avoiding registration with the Federal Securities Commission, it was decided to defer final action on the validation and sale of this stock until the next meeting of the board of directors, whereupon, it was moved by Director Golden, supported by Director Spade that all resolutions of the board of directors heretofore made with respect to the validation and sale of said stock, and the terms and conditions under which the same were to be done, be rescinded.

Motion put and unanimously carried.

* * *

Minutes of Meeting of the Stockholders, March 29, 1938:

* * *

Mr. Carl Wagner then asked the chairman to explain to the stockholders why the financing as authorized at the last annual meeting had not been carried out. Mr. Golden stated that the reason it was not carried out was that the Board of Directors upon investigation found that the sale of stock to the stockholders at $3.00 per share would come under the Federal Securities Commission Act and that the cost of going through the proceedings before the Commission would be excessive, plus the fact that the Board of

Depn. Ex. 1

Minutes of Meeting of the Stockholders, March 29, 1938 (Cont'd.):

Directors felt that as long as we could avoid registration with the Commission we should do so. It also became apparent as earnings increased, that the sale of stock would not be necessary.

* * *

Minutes of the Annual Meeting of Stockholders, March 1, 1940:

* * *

. . . . A stockholder suggested that the company extend $125,000.00 of the bonds and was advised by President Groesbeck that that would bring it within the amount required to be approved by the Federal Securities Commission and that the cost would be prohibitive.

* * *

Minutes of Annual Meeting of Stockholders, September 23, 1953:

* * *

The following is the detailed report on proxies:

"September 23, 1953

The undersigned, duly appointed committee for examination and report on proxies filed in respect to the 1953 annual meeting of stockholders of Monroe Paper Products Company do hereby certify that we have examined the proxies filed and report that the following persons hold proxies with the following number of votes:

Depn. Ex. 1

Minutes of Annual Meeting of Stockholders, September 23, 1953 (Cont'd.):

Management Proxies	85,929-1/2 votes	
Present for Management	13,680-7/8 "	
Total for Management		99,610-3/8
Non-Management Proxies		77,282-1/8
Not present or present & not voted		(9,776)
Representation voted		176,892-1/2

Signed: A. W. Sempliner, Marion F. Guettler, George J. McMahon"

* * *

The President placed before the Meeting the matter of reducing the number of shares of the Company's outstanding stock to 150,000 shares. Discussion was had in respect thereto.

In response to a question from Mr. Feinberg, a stockholder, as to the cost of stock previously purchased pursuant to the resolution of the Board of Directors, Mr. Raney replied that he did not have the cost figures on this stock at the meeting and could not give an exact answer. No action was taken on this matter of purchasing additional stock so as to reduce the number of shares outstanding to 150,000 shares.

* * *

Depn. Ex. 1-A

BY-LAWS OF MONROE PAPER PRODUCTS COMPANY -- SEPT. 26, 1951

ARTICLE I.

Stockholders Meetings

Section 1. Annual Stockholders Meetings shall be held in Monroe on the second Monday in September or on such other day during that month as the Directors shall designate. Two weeks' notice thereof shall be mailed stockholders at their respective addresses.

Section 2. Special Meetings may be called by the Directors on their own motion or when requested by the officers or by stockholders owning ten (10) per cent of the capital stock.

Section 3. Each share shall be entitled to one vote, and a majority shall constitute a quorum.

Section 4. The President shall preside at all meetings of stockholders. In his absence, the Vice-President or any member of the Board may act.

Section 5. At such annual meeting, stockholders shall elect or choose a Board of Directors of eight (8) members, who shall hold their offices for the period of one (1) year.

Section 6. The presiding officer and Secretary shall submit a full and comprehensive report of the Company's operations for the preceding year, together with recommendations as to future operations.

ARTICLE II.

Directors

Section 1. The Board of Directors shall consist of eight (8) members. They shall be elected at the Annual Meeting of Stockholders for one (1) year. Each Director shall be the holder of at least fifty (50) shares of the Company's stock. They shall elect the Company's officers, direct its affairs and protect the interests of its stockholders.

Section 2. Regular meetings of the Board shall be held immediately following the Stockholders Meeting. In addition, there shall be two (2) meetings each year at the Company's main office, unless otherwise ordered. Special meetings may be called by the President and Secretary or by a majority of the Board. Four (4) directors shall constitute a quorum and they shall each receive Sixty ($60.00) dollars for attending.

Section 3. In the case of any vacancy occurring on the Board, the remaining members may choose a successor to fill such vacancy.

Section 4. Neither the Board of Directors nor the officials of the Company shall have power to mortgage or encumber any of the Company's property or assets, nor to dispose of the same, except in the regular course of business.

ARTICLE III.

Officers Duties

Section 1. The President shall preside at all meetings of stockholders and directors and shall sign all certificates of stock and perform such other duties as the Board of Directors shall determine. In his absence, the Vice-President shall carry out his duties. Any Director authorized by the Board may act in the absence of the President and Vice-President.

Section 2. The Secretary shall have the custody of the corporate

Depn. Ex. 1-A

seal and shall keep the minutes and records of the Company, together with all books prescribed by the statutes of the state; he shall have general supervision of all accounting of the Company; he shall countersign all certificates of stock and affix the corporate seal thereto and to all documents requiring the same; he shall attend the meetings of the directors and stockholders and perform such other duties as the Board may from time to time order and prescribe. His compensation shall be fixed by the Directors.

Section 3. The Treasurer shall have general supervision of the Company's finances subject to the orders of the Board and shall report the condition thereof at all stockholders and directors meetings. His salary shall be fixed by the Board.

ARTICLE IV.

Dividends.

Section 1. All dividends to stockholders shall be paid from surplus earnings and only on the order of the Board of Directors.

ARTICLE V.

By-Laws

Section 1. With the adoption of these By-Laws those heretofore in force and all parts thereof are hereby repealed.

Section 2. These By-Laws may be amended, added to or repealed by a majority of the shares issued and outstanding at any regular meeting of stockholders or at any special meeting called for that purpose.

(Knapp's Letter to Stockholders Re Voting Trust)

Depn. Ex. 2

(Letterhead of Monroe Paper
Products Co.)
Monroe, Michigan

Burton S. Knapp
President

February 9, 1954

To All Stockholders of the Monroe Paper
Products Company:

As President of the Company, I have previously advised stockholders that it would be my policy to keep you fully informed of all developments regarding your Company.

You have recently received notification from Leo Boudinet, Trust Officer of the Monroe State Savings Bank, of Monroe, Michigan, that a Voting Trust Agreement for those stockholders electing to participate in it has been consummated, and is now in full force and effect, I am advised that approximately 80% of all stockholders of the Company, owning more than a majority of all outstanding stock, have entered the Voting Trust. A Copy of the Voting Trust Agreement is on file with the Company. I am advised that the Voting Trustees have announced that the Voting Trust is now closed to further participation.

You also received through the mail written communications signed by John P. Kinsey, a Director of your Company from Torrington, Connecticut, in criticism of the Voting Trust. No other Director signed these communications, and you should know that the majority of the Directors of your Company had no knowledge of the same until received in the mail.

The same Mr. Kinsey, who has been a Director of your

Company for four months, and Mr. Lawrence G. Kunkel, also of Connecticut, and the Waterbury Corrugated Container Company, a Connecticut corporation, have now commenced a suit in the Federal Court at Detroit, Michigan. Mr. Kinsey and Mr. Kunkel are officers of the Connecticut corporation. In this suit, it is claimed that the majority of the Directors, namely: Chas. E. Raney, George A. Blum, Don B. Leathers, Arthur W. Sempliner and Burton S. Knapp, who were elected by the stockholders at the Annual Stockholders' Meeting last September, are not acting in the best interests of the Company and its Stockholders.

The Connecticut purchasers of stock in your Company have now resorted to litigation as stated above. The block of stock now owned by the plaintiffs in this court action is substantially the same block of your Company's stock which failed in the concerted effort to deliver control of your Company to National Container Corporation of New York last fall and also failed in concerted effort to obtain control of your Company's management at the Annual Stockholders' Meeting of last September.

This litigation seeks to attack the Management of your Company and the majority of its Board of Directors, and the payment to stockholders of the special dividend of January, 1954. The interest of the Company and all stockholders will be fully protected by legal counsel well qualified to perform such services.

I wish further to report to you that at the last meeting of the Board of Directors, January 27th, 1954, a dividend of 15¢ per share was declared payable March 15th, 1954 to stockholders of record March 1, 1954.

Sincerely yours,

BURTON S. KNAPP,
President

(Boudinet's Letter to Stockholders Re Voting Trust)

Depn. Ex. 3

Monroe, Michigan

February 1, 1954

To Monroe Paper Products Company stockholders
and Voting Trust Certificate holders:

This is to notify you that the Voting Trust Agreement dated December 31, 1953, between the undersigned Voting Trustees, the Monroe State Savings Bank as Depositary, and those stockholders who have subscribed thereto is now in full force and effect.

The Voting Trust Agreement has been executed by the holders of more than a majority of the outstanding Capital Stock of the Company. Pursuant to Section 34 of the Corporation Act of the State of Michigan, which provides for Voting Trusts, a copy of the Voting Trust Agreement has been filed in the registered office of Monroe Paper Products Company in Monroe, Michigan.

Signers of the Agreement who have not yet received the Voting Trust Certificate to which they are entitled may obtain the same from the Monroe State Savings Bank, Depositary.

For a short period of time, the Voting Trustees will continue to accept additional signatures and deposit of stock from stockholders who wish to avail themselves of the benefit of the Voting Trust Agreement.

Burton S. Knapp, Chas. E. Raney,
George A. Blum, Don B. Leathers,
Arthur W. Sempliner,

VOTING TRUSTEES

By
Leo Boudinet, Trust Officer,
Monroe State Savings Bank

(Huber's Letter to Stockholders Re Voting Trust)

Depn. Ex. 4

(Also Attached to Complaint)

December 31, 1953

To the Stockholders of the Monroe Paper Products Company.

Dear Stockholder:

Many stockholders who supported the Management of your Company in the last Annual Meeting have requested the local directors, and other stockholders to consider setting up a Voting Trust, in order to protect and safeguard the position of all stockholders in the majority group. (By "majority group" we mean all who gave proxies to Management at the Annual Meeting last September, thus defeating the sell-out promoters.)

President Burton S. Knapp, Vice-President and General Manager Chas. E. Raney, Secretary-Treasurer George A. Blum and Directors Don B. Leathers and A. W. Sempliner, in their capacity as stockholders, have agreed to act as Trustees under a Voting Trust for all stockholders desiring to take advantage of this protection. If over 50% of the stockholders participate in the Voting Trust, the great advantage will be gained of consolidating your present majority standing, making it much more permanent and valuable than it is now.

You are in a clear majority now. This fact enables you and your fellow stockholders to elect the majority directors, with resultant stability and continuity in management of the Company under sound and progressive leadership. As you know, the directors declared dividends during 1953 totalling 60¢ per share. A 40 cent per share extra dividend will be payable January 15, 1954. An appraisal of the Company's properties is now completed. The first appraisal in some twenty years, this reveals replacement value to be in excess of $7,000,000.00 and depreciated value of $4,361,166.82, both exclusive of inventories and lands.

We should all realize, however, that this out-in-the-open Management, dedicated to your best interests, will manage your Company only so long as over 50% of the stock continues in favorable hands, and is actually represented at stockholders' meetings. Only a Voting Trust can insure this.

Unity among us is needed now, as never before, for these reasons: As you know, an out-of-state group, which we will call the "minority group", recently bought the large Groesbeck holdings, plus the holdings of some Detroit directors and their associates, and now holds about 40% of the stock. The National Container Corporation had earlier tried to obtain control over your Company, through options or proxies, but stockholders rallied to the support of the present Management and defeated this attempt. But although it was defeated, the presence of some 40% of the shares in the hands of the minority group poses a constant threat to your majority status and standing. Even if the minority group does not acquire a single extra share of stock, they might obtain control at any Stockholders' Meeting in which we did not have nearly 100% attendance -- because their proxies are concentrated in one group, while ours are widely scattered. Further, if the minority group were to buy the stock holdings of one or two of our large holders, they would come into permanent control of the Company, and the value of your shares might decline, if we were not all unified by a Voting Trust Agreement.

(Huber's Letter to Stockholders Re Voting Trust)

Depn. Ex. 4

The large stockholders on the majority's side, and a great number of smaller holders, have approved the idea of a five year Voting Trust. The effect would be to give a proxy to the present four local directors and Mr. Sempliner, in all of whom we all have unbounded confidence. Further, since a real value of our shares lies in their being majority-control shares all of us would agree that the shares of stock themselves, if they were to be sold during the 5 years, would be sold only as a block or unit. This would command the highest price, and every stockholder, large or small, would share equally in it without discrimination. Your Voting Trustees would have power to sell on that basis only, if it became desirable and advisable in the best interests of all during the five years, at no less than $15 per share.

In return for depositing your endorsed stock certificates with the Depositary appointed by the Voting Trustees (The Monroe State Savings Bank, Monroe, Michigan) you will receive Voting Trust Certificates. You retain the full right to sell such Voting Trust Certificates, to pledge them as collateral for loans, etc., just as you could with your original shares. As a holder of Voting Trust Certificates, you receive all dividends, cash or stock, which may be declared by the Company on the original Shares. In addition to retaining all these rights, you acquire a new and valuable contract right: That of being a member of the majority group, and of being assured of retaining that position throughout the duration of the Voting Trust.

In union there is strength. To protect your existing majority status, to protect and increase the value and the saleability of your stock,

(Huber's Letter to Stockholders Re Voting Trust)

Depn. Ex. 4

and to guarantee the continuation of sound business policies of the present Management - these are the important purposes of the Voting Trust Agreement. Necessary flexibility, to meet changing conditions, as assured by provisions for amendment, requiring the consent of a large majority of the depositing stockholders.

In short, this proposal provides not only a perfect solution for the existing problem, which greatly handicaps the advancement of your Company, but at the same time improves and enhances your investment and that of all the majority stockholders.

We are fortunate in having enlisted the active support of Messrs. Knapp, Raney, Blum, Leathers and Sempliner. They are in close daily touch with the affairs of the Company; they will serve as Trustees under the proposed Agreement without compensation. Under their guidance, the legal papers have been drawn up by counsel, and agreed to by the Monroe State Savings Bank. You will be contacted further and furnished with any more detailed information you may desire.

Your valued cooperation is solicited.

Sincerely yours,

/s/ George J. Huber

Chairman, Stockholders' Committee

P. S. Sign the Trust Agreement and endorse your stock certificate with the name or name, exactly as typed upon the envelope in which you received the stockholder's letter, etc.

The Monroe law firm of Weipert and Weipert, which has prepared the Voting Trust Agreement, may be contacted by you for additional information. Likewise, the Trust Department of The Monroe State Savings Bank, which will receive the endorsed stock certificates to be deposited under the Agreement and will issue the new Trust Certificates, may also be contacted for information.

INSTRUCTIONS (Please Read)

Your cooperation in making the Voting Trust Agreement effective by joining as early as possible will be appreciated. You can do this either by mail, or by calling at the Monroe State Savings Bank in Monroe, as follows:

1. Bring your stock certificates directly to the Monroe State Savings Bank. There you can sign the Voting Trust Agreement, endorse and deposit your stock certificates, and receive Voting Trust Certificates, all at the same time.

OR

2. If inconvenient for you to call at the bank; sign and mail the enclosed signature sheet for the Agreement, and your endorsed certificate of stock, directly to the bank in the enclosed envelope. You will receive your Voting Trust Certificate back by mail. Be sure to sign the Agreement signature sheet, and endorse your name on the back of each of your stock certificates, in exactly the same way your name appears on the certificates.

In endorsing your stock certificates, it will suffice if you insert in the blank space on the back, before the word "attorney", the name of Leo Boudinet (Mr. Boudinet is the Trust Officer of the Monroe State

Savings Bank, and he will transfer the certificate to the names of the Voting Trustees). Sign your name or names as they appear on the front of the stock certificate.

If you should require a little time to deposit your stock certificate, you can still sign the Agreement now, and mail or deliver it to the bank. This makes you a party to the Voting Trust. You should then proceed to deposit your stock certificates in order to obtain the new Voting Trust Certificates.

If you have any question, feel free to write or call Mr. Leo Boudinet at the Monroe State Savings Bank (381), or the law offices of Weipert and Weipert (2001). A representative of the Stockholders Committee will endeavor to contact you personally or by phone if you so request.

(Depositary's Letter to Stockholder Knierin and Reply)

Depn. Ex. 20

MONROE STATE SAVINGS BANK

MONROE, MICHIGAN

January 12, 1954

Mr. Arthur G. Knierin
547 S. Wheeling
Toledo, Ohio

Dear Sir:

Re: Monroe Paper Products Company
Depository Agreement

We have received your signature card agreeing to the voting trust being set up by the Monroe Paper Products Company, but you failed to include your stock certificates.

These certificates should be delivered to the bank for exchange to voting trust certificates and the same should be duly signed and witnessed in the space provided on the certificates.

We ask thatyou give this matter your kind attention and remain,

Yours very truly,

L Boudinot

Leo Boudinot
Trust Officer

LB/js

1/18/54

Thought I was signing a regular voting Proxy. Decided to give the other matter a little more thought.

Arthur G. Knierim

(Boudinet Telegram to Stockholder Bodamer)

Depn. Ex. 21

Monroe, Michigan, January 21, 1954

To Otto C. Bodamer,
Apt. 3, 453-1/2 5th. Ave., North,
St. Petersburg, Florida.

Sign and return Monroe Paper Products Co. signature sheet for voting agreement.

Leo Boudinet,

Charge to Monroe State Savings Bank,

Charges $1.44

(List Enclosed with Huber Letter to Stockholders)

STOCKHOLDERS WHO HAVE SIGNED THE TRUST AGREEMENT, PREVIOUS TO THE TIME OF STARTING THE AGREEMENT SIGN-UP CAMPAIGN

Depn. Ex. 22

Nellie or Leonora Baier
Lafayette F. Beaubien
Gene L. and/or Mabelle E. Bennett
*George A. Blum
George A. and Helen E. Blum
Robert J. and/or Joan Marie Brennan
Roger O. and/or Margaret Jane Case
Alvin J. Conlisk
A. J. Cronin, Jr.
Ada C. Fix
Lucille A. Fix
Ben or Linda Fritz
Gratton Construction Company
Marion F. or Eleonora A. Guettler
Elsie Gutmann
John F. or Netta M. Gutmann
Margaret Gutmann
Margaret K. and Elsie A. Gutmann
Harold H. or Regina A. Heinzerling
Marion C. Holefca
George J. Huber
Bernard F. Kirby
*Burt S. Knapp
Mae E. and Russell W. Knapp
Vernon K. Knapp
Ethel L. and Harold F. Korneffel
*Don B. Leathers
Gustav or Beulah Mainzinger
Thos. J. or Alice Marks
Edgar W. and/or Ruth H. Marvin
Monroe Scrap Material Company
John E. Murphy
George J. McMahon
*Charles E. Raney
Charles E. or Olive M. Raney
J. Marion or Maggie J. Robertson
*Arthur M. Sempliner
Ida M. Sempliner
Victor Weipert
Wm. Weipert, Jr.
Hilda or Cecelia Zeller

Note: The above represents a total of 41,114-1/8 shares.

*denotes Directors

(Telegram from Stockholder Putney to Depositary)

Depn. Ex. 25

Rydal Penn.
Monroe State Savings Bank,
Monroe, Michigan
January 29, 1954

Re signature cards for 1000 shares Monroe Paper Products Company and shares will be mailed Friday, January 29 Stop Being done at request of Charles E. Raney whom please notify.

Emerson Putney

(Letter from Stockholder Willemin to Depositary)

Depn. Ex. 26

Mr. Leo Boudinet
Trust Officer
Monroe State Savings Bank
Monroe, Mich.

Dear Sir:

Re: Monroe Paper Products Co.

Have today received via Air Mail your form letter regarding Voting Trust Agreement in above Company.

Will you please inform me just what the status is on the stockholders who do not go into this agreement? We have been informed to write you for any questions we may have or for any additional information we may desire.

I will very much appreciate hearing from you on this particular question.

I have written Mr. Raney asking if there would be any prospect of selling Voting Trust Certificates over the counter the same as the original shares, - in other words, could we personally offer our Voting Trust Certificates for sale and would they carry the same price value as original certificates? Also would we have to sell only to trustees - would our market thus be limited?

He wired me Tuesday, Feb. 2nd that information requested was being air mailed to me that day. But all I received was the form announcement you mailed to all stockholders.

In the Trust Agreement I received there were several rather ambiguous phrases, one specially relating to voting. In reading it, it appears the Trustee only has the right to vote on important matters and the stockholder is bound by the Trustees' decision. Can it be that I have interpreted this wrong? Surely that would be most unorthodox to say the least.

My holdings are small but I would surely appreciate hearing from you since I've held this stock for some time.

Very truly yours,

Florence B. Willemin
(Mrs. H. E. Willemin)
3212 Waits
Fort Worth 9, Texas

(Letter from Depositary to Stockholder Willemin)

Depn. Ex. 27

February 8, 1954

Mrs. Florence B. Willemin
3212 Waits
Fort Worth 9, Texas

Dear Mrs. Willemin:

Re: Monroe Paper Products Company
Depository Agreement

We shall try to answer the questions raised in your letter received relative to the above named company. The status of the stockholders who do not go under this voting trust agreement will be no different than they are at the present time. Of course, with the voting trust agreement going into effect, the five voting trustees have control of the management for the five year period agreed upon and they will be able to control the election at any annual or special meeting of the stockholders. The voting trust certificates are saleable providing a buyer for them can be found just as the stock of the company has been saleable when a buyer was found. Whether or not they would carry the same price as the shares have recently commanded, I cannot say. The market price on the stock has fluctuated considerably and the price on the voting trust certificates might do likewise. The market on either of the stocks is not limited to sale to the voting trustees. Either the original stock or the voting trust certificates can be sold to any willing purchaser.

You are right in interpreting that upon entering the voting trust agreement your right to vote in the annual or special meetings of the stockholders has been delegated to the voting trustees and that you are bound by their decisions. This method of controlling a company is not generally used, however you will find upon inquiry that there are quite a number of concerns managed by voting trustees and whose stock is traded over the counter or on the exchanges.

The voting trustees agree that they will not sell their stock without selling the stock of all those entered into the agreement with them and they further agree that they will not sell their stock for less than $15.00 per share. It is my belief that the voting trustees have sufficient stock which they could have sold to any group wishing to acquire control of the company which would give this group control leaving the balance of the scattered stockholders to shift for themselves. This is one advantage gained by entering the voting trust agreement, the disadvantage being that you are not able to vote the shares of stock which you hold for a five year period.

Trusting that this information will help to clarify some of the questions which you have raised, I am

Sincerely yours,
Leo Boudinet, Trust Officer

Note

Page 239b is on Card 16

(Telegraph Bills Re Voting Trust Solicitation)

Depn. Ex. 29-C

WESTERN UNION

Monroe Paper Products Co.
Stockholders' Committee
Monroe, Mich.

Monroe, Mich.
January 1954

Amount $ 80. 48

. . . .

To THE WESTERN UNION TELEGRAPH COMPANY

Date	Name of Point	Charges
11	FM NAPLES	1 40
	FM GRANT	2 25
	FM FT LAUDERDALE	1 25
	FT LAUDERDALE	2 95
	GRANT	2 95
	NAPLES	3 27
	LARGO	2 95
	NAPLES DLY OCL	75
12	FM LARGO	1 25
13	FM VISALIA	1 55
	VISALIA	3 95
15	RIVERTON	1 42
	YOUNGSTOWN	1 01
	LARGO	1 95
	FM RIVERTON	1 10
	FM LARGO	1 25
	FM RIVERTON	1 10
	FM GRANT	1 25
	GRANT	1 45
	MONTVERDE	2 25
	FM YOUNGSTOWN	80
18	SEATTLE	2 15
19	FM LARGO	1 25
	LARGO	1 35
	FM SEATTLE	1 10
20	FM GREENPORT	1 10
	FM GREENPORT	1 10
	GREENPORT	2 59
21	RYDAL	1 10
23	FTW	2 05
	FM CLEARWATER	1 25
	FM VISALIA	1 55
	LARGO	2 10
	VISALIA	2 39

Depn. Ex. 29-A

WESTERN UNION

Monroe Paper Products Co.	Monroe, Mich.
Stockholders' Committee	January 1954
Monroe, Mich	

. . . .

To THE WESTERN UNION TELEGRAPH COMPANY

JANUARY 1954 SHEET TWO

Date	Name of Point	Charges
26	VALLEY STREAM	1 91
27	FRANKFORD	1 64
28	FM GREENPORT	1 10
	GREENPORT	1 60
	MIAMI	1 40
	FTW	1 65
29	FM FTW	1 25
	FM FTW	1 25
		69.98
	U.S. Tax	10.50
		80.48

PAID

3-7-54

PAYMENT RECEIVED FROM MONROE PAPER PRODUCTS STOCKHOLDERS COMMITTEE

(Telegraph Bills Re Voting Trust Solicitation)

Depn. Ex. 29-B

WESTERN UNION

Monroe, Michigan
Stockholders Committee
Monroe Paper Prod. Co.
Monroe, Mich.

Monroe, Mich.
FEBY 1954

Amount $ 5.58

. . . .

To THE WESTERN UNION TELEGRAPH COMPANY

FEBRUARY 1954

Date	Name of Point	Charges	
2	FTW	1 25	
6	GRANT FLO	2 35	
8	FM GRANT	1 25	
			4.85
		U.S. TAX	.73
			5.58

PAID

3-2-54

Note

Pages 243b - 246b
are on Card 16

(Weipert Draft of Contract)

Depn. Ex. 36

(See original exhibit for subsequent pencil interlineations
and notations not here printed.)

CONTRACT

This Agreement, made and entered into on the date set opposite the signatures hereto, by and between the undersigned stockholders of Monroe Paper Products Company, a Michigan Corporation, and ------, hereafter called Optionee,

WITNESSETH:

WHEREAS, the parties have agreed that the business interests of Monroe Paper Products Company require stability and continuity in management, to permit continuity of planning and operations and the continuance of sound business policies, but such stability and continuity is now jeopardized by the concentration of over 40% of the outstanding stock in a single group, and by the likelihood that such group will endeavor to acquire majority status and control; and

WHEREAS, the parties to this agreement are the owners of in excess of 50% of the outstanding capital stock of Monroe Paper Products Company, being the presently controlling majority interest in the corporation, and have further agreed among themselves that in order to protect the value and saleability of their stock it is not desirable that the stock so owned and held by the parties hereto should go upon the market for sale and transfer; and

WHEREAS, the parties have further agreed to enter into this contract by reason of the uncertainty of life and the possibility that one or more of the parties hereto may wish to sell his or her stock, and to guard

(Weipert Draft of Contract)

Depn. Ex. 36

against the introduction as stockholders of outside parties, reducing the parties of this agreement to the status of minority stockholders, and to protect the value of the shares owned by the parties by preventing loss of majority status, whether by reason of a wish or need to sell the said stock or by reason of the death of one or more of the parties, or otherwise; and

WHEREAS, the parties have further agreed that the selling value of their stock may be enhanced and increased by their majority status, if the entire block of stock were to be offered for sale as a unit, and such sale would be advantageous to all the parties if a sufficiently attractive offer were received which could be acted upon by the second party herein named; and

WHEREAS, certain of the parties hereto are owners of a large number of shares, which in the absence of this agreement might be sold to the holders of the present minority interest in the company, thereby giving such owners an advantage in bargaining power unava~~ilable~~ to the owners of small holdings in the absence of this agreement; and

WHEREAS, the parties hereto who own a large number of shares are willing to covenant and agree not to negotiate any sale of their shares, without giving each party hereto the advantage of the same selling price, but for mutual protection require reciprocal agreements as contained herein;

NOW, THEREFORE, in consideration of the sum of One Dollar ($1.00) to each party hereto paid by the other parties, and other good and valuable considerations, receipt whereof is hereby acknowledged, and in further consideration of the mutual promises herein contained, and

(Weipert Draft of Contract)

Depn. Ex. 36

the signature of each party hereto furnishing inducement for the signature of the other parties hereto,

It is mutually agreed between the parties hereto as follows:

1. The undersigned stockholders covenant and agree, with each other and with the Optionee, for themselves and each of them, their heirs, executors, administrators, successors and assigns, that for a period of one (1) year from and after the --- day of -----------, 1953, none of the undersigned will sell, or directly or indirectly transfer or dispose of any of the stock presently owned by each in Monroe Paper Products Company, to any person, corporation or association whatsoever, other than the Optionee hereafter named or one or more of the remaining stockholders who are parties signatory to this agreement. This Agreement shall not prevent any of the undersigned stockholders from selling to any other or others of the undersigned stockholders, at any price satisfactory to such buyer and seller, the sum total of shares included in this agreement remaining the same in such cases, but no sales to third parties (other than said Optionee) shall be made during said period.

2. The undersigned reserve, each to himself, the voting rights pertaining to all shares of stock owned by each party signatory; that is to say, the existence of this agreement shall not in any way effect, impair or lessen the right of each party hereto to vote his stock, unless and until the option hereinafter is exercised in the manner provided.

3. The undersigned reserve, each to himself, any dividends, cash or stock, ordinary or extraordinary, and any other right or privilege declared, paid or granted by the company on said stock between the date

(Weipert Draft of Contract)

Depn. Ex. 36

of this Agreement and the date of expiration of this Agreement. Provided, however, that if the option hereinafter granted is duly exercised during the duration of this Agreement, then and in such event only any dividends which may be originally declared by the Company after the date of exercise of such option shall pass to Optionee.

4. The undersigned stockholders, and each of them, hereby grants to ----------, Optionee, the exclusive right to purchase any and all shares of the common capital stock of Monroe Paper Products Co. now owned by the undersigned, and any and all additional shares which the undersigned may acquire during the duration of this option, for the sum of -------- for each such share, net cash to seller.

The undersigned stockholders reserve the 15 cent per share cash dividend payable December 15, 1953, the 40 cent per share cash dividend payable January 15, 1954, and any other dividends, cash or stock, which may be declared by the company prior to the exercise by Optionee of this option to purchase. This option shall automatically expire unless exercised by Optionee, as hereinafter provided, on or before ----------, 1954.

5. (detailed provisions for exercise of the option).

6. (detail provisions for the granting of irrevocable proxy, if and when option to purchase is exercised.)

7. The stock option contained in paragraphs 4 through 6 hereinabove, if exercised and used by Optionee upon the selling price provided therein becoming available, shall be exercised by Optionee as to all stock held by all parties to this agreement. It is covenanted and agreed

between the stockholders who are parties hereto and said Optionee, that if said option is exercised said stockholders shall receive the full price obtained by Optionee upon re-selling said shares, less only costs and expenses incurred in said purchase and resale. By this it is intended that the parties hereto shall receive the sum of $------ for each share, net cash, as a minimum but that Optionee, before exercising such option, shall endeavor to obtain a higher price if buyers ready and willing to pay a higher price are available and if a higher price per share is obtained, the stockholders who are parties to this agreement shall obtain the benefit thereof.

8. Consider inserting a paragraph providing that

(a) if the option price cannot be obtained; and

(b) if a lesser price, not lower than a certain fixed figure is obtainable; and

(c) if the holders of the majority of the stock covered by this agreement (or certain named individuals, say Messrs. Raney, Leathers, Knapp) are of the opinion that a higher figure is unobtainable, but that sale of the whole stock is still desirable at present time,

(d) then the proposition to sell at such lower figure shall be submitted to each party, and if some percentage of the stock (say 75%) agrees that the offer should be taken, all will be bound to sell at that figure, which would then become the amended option price.

If such provisions are inserted, it would also be necessary then to work out details of notice, etc.

10. This Agreement shall not become effective until executed by the holders of 50% or more of the outstanding common capital stock of

(Weipert Draft of Contract)

Depn. Ex. 36

Monroe Paper Products Company. Immediately upon execution by holders in that amount, it shall become a full legal effect, and shall be irrevocable for the period of time heretofore stated. Each signer hereof will be duly notified by registered mail, addressed to the mailing address, placed opposite the respective signature hereto, when this Agreement becomes effective. The date of mailing of such notice shall be the effective date of this Agreement. (*)

11. From and after the effective date of this Agreement, and during the continuance thereof, it is mutually agreed that no sales, transfers or attempted transfers of stock, upon the books of the company or otherwise, in violation of the terms of this Agreement, shall be allowed. The parties to this Agreement hereby instruct and authorize the transfer agent of the company to refuse to permit violation of the terms of this Agreement. The parties also agree as to the propriety of relief by court injunction and suit for damages in the event of any such attempted breach by any party hereto.

12. Upon, or shortly before, the expiration of this Agreement by passage of time, if the option provided herein is not exercised, it is agreed that efforts will be made to call a meeting of all parties to this Agreement, to hear reports and consider whether the conditions motivating the original execution of this Agreement still prevail. The parties agree to give due consideration to the advisability of renewing this

---

(*) Footnote to Paragraph 10: Consider Adding:

If this Agreement does not become effective by signatures of the required percentage of stockholders, as stated in this paragraph, by ______________________, 1954, parties who have signed prior to said date shall be released.

(Weipert Draft of Contract)

Depn. Ex. 36

Agreement for a further period of one year, or for other periods, in the original or amended form, but it is understood and agreed that no party shall be obligated to become a party to such renewal, modification or extension.

IN WITNESS WHEREOF the parties hereto have hereunto set their names, seals, and mailing addresses, and have designated the number of shares owned by each, each as of the date set opposite his or her signature.

.... L.S. No. of Shares........ Date of Signing........

Mailing Address.........................

Note: stockholders might in breach of the agreement sell their shares, and because of the quasi-negotiability of certificates a bona fide purchaser could not be defeated. The remedy in damages against the signer of the agreement would be unsatisfactory. Consider, therefore, adding provisions for deposit of the stock certificates with either the optionee or a named depositary. Or at very least, stamping a legend on the certificate referring to this agreement.

Complications: What about stock which may be pledged as security? And could certificates be issued under this agreement, which lenders would accept as security?

Note

Page 254b is on Card 16

ESCROW AGREEMENT

Depn. Ex. 73

THIS AGREEMENT, between The Monroe State Savings Bank, a Michigan Banking Corporation, of Monroe, Michigan, acting through its Trust Department, party of the first part, and the undersigned, Bernard F. Kirby, John F. Gutmann and Hilda Zeller, parties of the second part, WITNESSETH:

First party agrees to accept and hold in escrow for the purposes hereinafter stated such funds as may be deposited with it by second parties during the duration of this agreement, and to use such funds so deposited for the purchase on behalf of second parties of such shares of common capital stock of Monroe Paper Products Company, a Michigan Corporation, as may be offered to it for sale, during the duration of this agreement, at the price of $10.00 per share.

Upon the surrender of certificates of stock properly endorsed, to first party, first party will pay the holder thereof out of said fund the sum of $10.00 per share. Said certificates shall be endorsed in blank, or otherwise as second parties may in writing designate from time to time

Upon the surrender to second parties of said certificates, fully paid for as aforesaid, the responsibility of first party shall end, except as to unexpended funds. First party shall have no responsibility for advertising or otherwise promoting said sale, but shall act solely as paying agent. First party shall have no right or obligation to advance funds to said escrow fund, to purchase or contract for the purchase of shares in excess of the amount on deposit at the time of delivering of the stock certificate, or at other or different prices.

Escrow Agreement

Depn. Ex. 73

This agreement shall end upon written notice by second parties, delivered to first party, at which time any balance remaining in said escrow fund shall be turned over to second parties in the proportion in which the same were contributed, or otherwise as directed by second parties in writing. First party shall receive the usual fees of escrow agents in similar transactions. First party shall receipt for funds deposited with it from time to time under the terms of this agreement.

Dated at Monroe, Michigan, this 8 day of September, A. D. 1953.

THE MONROE STATE SAVINGS BANK

By

/s/ Leo Boudinet

ITS Trust Officer

/s/ Bernard F. Kirby

/s/ John F. Gutmann

/s/ Hilda Zeller

(Escrow Depositors)

Depn. Ex. 75

AMOUNT ON DEPOSIT

Lafayette Beaubien	$ 1,000.00
Gene L. and/or Mabelle E. Bennett	1,000.00
Florence E. Bishop	210.00
G. A. Blum	5,000.00
Robert J. Brennan	1,700.00
A. Carl	130.00
Alvin Conlisk	850.00
Fishman Waste Paper	5,000.00
Ben Fritz	500.00
Gratton Construction Co.	5,000.00
E. A. & M. K. Gutmann	1,000.00
N. M. Gutmann & John Gutmann	1,500.00
Harold H. Heinzerling	500.00
Marion C. Holefca	5,000.00
George J. Huber	4,000.00
B. F. Kirby	9,000.00
Mae & Russell Knapp	1,000.00
H. F. & Ethel Korneffel	10,000.00
Don B. Leathers	15,000.00
Gus Mainzinger	1,000.00
Mr. & Mrs. Thos. J. Marks	1,000.00
E. W. and/or Ruth H. Marvin	5,000.00
E. W. Marvin Company	1,000.00
Hilmar Mayer	1,000.00
Monroe Scrap Material Co.	5,000.00
John F. McCormick	3,000.00
Mildred S. McMichael	520.00
John E. Murphy	2,500.00
Oglebay Norton & Company	2,500.00
A. D. Cronnin, Jr. & H. J. Northmore Trustees	2,500.00
Elaine S. Putney	500.00
William G. Putney	500.00
Gertrude Guie Putney	4,000.00
Dorothea S. Putney	2,500.00
R. Emerson Putney	2,500.00
Chas. E. Raney	16,000.00
W. H. Reno	2,000.00
Marion J. Robertson	1,000.00
Henry Rosen	5,000.00
L. Kiehborth, Trustee	10,000.00
Sales Products Company	2,000.00
Alvin E. Sandroff	25,000.00
Wm. H. L. Smythe	1,000.00
E. H. Voegeli	2,000.00
Hilda Zeller	1,000.00
Total	$167,410.00

(Escrow Depositors)

Depn. Ex. 75

Total Shares Received from Bank for distribution 15,538 @ $10.00 per share	155,380.00
Balance	$ 12,030.00

1297 shares issued to
Alvin E. Sandroff &
$12,030 returned to him.

(Escrow Deposit Slips)

Depn. Ex. 86

Escrow funds deposited in Monroe State Savings Bank by it as Escrow Agent; summarized from the deposit slips.

Date	Check	Amount
September 9, 1953	M. Reno	$ 2,000.00
"	Gene Bennett	1,000.00
"	Mrs. Chas. E. Raney	15,000.00
"	Hilda Zeller	1,000.00
"	Bernard F. Kirby	6,850.00
"	Bernard F. Kirby	2,150.00
"	Mrs. Thomas J. Marks	1,000.00
"	Netta M. Gutmann	1,500.00
September 11, 1953	(Currency)	1,000.00
"	Alvin J. Conlisk	850.00
"	Alton Nadeau	2,000.00
"	Dan S. Holefca	5,000.00
"	Elsie A. Gutmann	1,000.00
September 12, 1953	D. B. Leathers	15,000.00
"	Mae E. Knapp	1,000.00
"	McCormick Industries	3,000.00
"	E. H. Voegeli Co.	2,000.00
"	Hilmar Mayer	1,000.00

(Escrow Deposit Slips)

Depn. Ex. 86

Date	Check	Amount
September 12, 1953	Gratton Construction Co., Inc.	5,000.00
"	Harold F. Korneffel	10,000.00
September 14, 1953	G. A. Blum	5,000.00
"	E. W. Marvin	5,000.00
"	Robert J. Brennan	1,700.00
"	Monroe Scrap Material Co.	5,000.00
"	Marion J. Robertson	1,000.00
"	Smythe Company	1,000.00
September 16, 1953	Rockton Paper Board Co.	25,000.00
"	Ben Fritz	500.00
"	Harold Heinzerling	500.00
"	Florence Bishop	210.00
September 17, 1953	R. E. & D. S. Putney	10,000.00
"	Fishman Waste Paper Co.	5,000.00
September 18, 1953	Oglebay, Norton & Co.	2,500.00
"	Pine Ridge Coal Co.	2,500.00
September 21, 1953	Lafayette F. Beaubien	1,000.00
"	Mildred S. McMichael	250.00
"	John E. Murphy	2,500.00
"	Henry Rosen	5,000.00
"	Louis O. Kiehborth	10,000.00
September 22, 1953	E. W. Marvin Co.	1,000.00
October 15, 1953	Allen B. Carl	130.00
November 16, 1953	Mildred McMichael	270.00
November 17, 1953	George J. Huber	4,000.00
November 18, 1953	Chas. E. Raney	1,000.00
		$167,410.00

(McMahon's Receipts for Voting Trust Stock Deposits)

Depn. Ex. 119

(McMahon's Stock Receipt Book for Monroe Stock
"For Deposit in Monroe State Bank" -- tabulated.)

Date	From Stockholder	Shares
January 7, 1954	Frank A. Wayne	94
January 7, 1954		94
January 15, 1954	Clarence D. Calaber and Mrs. C. D. Calaber	75
January 15, 1954	Flora B. Davenport	18
January 15, 1954	Delmar and Henrietta Scholl	124
January 15, 1954	Hazel T. Waterhouse	141
January 15, 1954	Elmer J. Oerther	37
January 18, 1954	H. J. Pfeiffle	94
March 1, 1954	Emma Lamale	500
March 1, 1954	Mable G. Wahmhoff	47

(Case's Receipts for Voting Trust Stock Deposits)

Depn. Ex. 122

(Case's Stock Receipt Book for Monroe Stock, tabulated.)

Date	From Stockholder	Shares
January 11, 1954	William Eurich	200
February 27, 1954	William J. Herbst	375
March 1, 1954	John F. McCormick	300

(Form of Assignment Used in Waterbury's Purchases)

Depn. Ex. 129

Undersigned hereby assigns to STIEGLITZ & CO. OF NEW YORK CITY, NEW YORK, all right to obtain a return of __________ shares of stock in Monroe Paper Products Company, a Michigan corporation, from Monroe State Savings Bank, Monroe, Michigan, Depository under Voting Trust Agreement dated as of December 31, 1953 as to stock in said Company, and from the Voting Trustees under said agreement, for the return of which stock undersigned on _________________, 1954 made written demand. Said stock is that covered by Voting Trust Certificate No. ______________ issued to Undersigned by said depository.

Undersigned hereby also assigns to said STIEGLITZ & CO. all rights and causes of action connected with said stock and demand for the return thereof.

Dated: ____________________, 1954

____

Witness:

____

(Form of Demand Used In Waterbury's Purchases)

Depn. Ex. 130

____________________, 1954

Charles E. Raney,
Burton S. Knapp,
George A. Blum,
Don B. Leathers and
Arthur W. Sempliner,
Voting Trustees

c/o Monroe State Savings Bank, Depository.

Undersigned hereby demand return of Certificate No. ______ for ________ shares of common stock of Monroe Paper Products Company previously exchanged for your Voting Trust Certificate No. __________, which Certificate undersigned will, in exchange, return to you.

____

____

____

Address

____

____

____

(Telegram from Raney to Stockholder Stevens)

Depn. Ex. 145-G

March 16, 1954

Albert I. Stevens,
Powell Trailer Park, Largo, Florida

Your letter from broker received and note your question. If you wish to sell at $15 and support our group we wish you would sell to Reid, Higbie, Monroe, Michigan. Please wire your wishes.

Note

Page 263b is on
Card 16

(Signature Card for Voting Trust)

Trial Ex. 23

SIGNATURE SHEET FOR VOTING AGREEMENT

(Sign and mail to Monroe State Savings Bank, together with your endorsed stock certificates. You may retain the printed copy of the Voting Trust Agreement for your records.)

To the Monroe State Savings Bank:

Please attach my (our) signatures as follows, to the Voting Trust Agreement dated December 31, 1953, between stockholders of the Monroe Paper Products Company and Messrs. Knapp, Raney, Blum, Leathers and Sempliner as Trustees.

Name	Address	No. of Shares

(Sign your name or names the same as appearing on your stock certificate; fill in your present address, and number of shares.)

(Telegram from Raney to Stockholder Willemin)

Trial Ex. 122

January 28, 1954

Florence B. Willemin
3212 Waits, FTW

Re letter Jan 26 would you please wire collect if you would consider selling at the market price of $10 per share.

Charles E. Raney

Trial Ex. No. 187

VOTING TRUST SIGNATURES DEPOSITS AND CERTIFICATES—DATES

(Excerpts from said Exhibit showing deposits by the defendant Voting Trustees and Escrow Purchasers.)

	Signed		Shares Deposited		V. T. Certificate Issued
Trustees—V. T.	Agreement	Cards	Number	Date	Date
George A. Blum			100		2/ 6/54
George A. (& Helen E.) Blum		2500	1900		2/ 6/54
			500		2/ 6/54
Burton S. Knapp		375	375		1/12/54
Don B. Leathers		6839	6839		2/10/54
Charles E. Raney		10,995½	10,814½	1/28/54	2/13/54
Charles E. (or Olive) Raney		2468	2649	1/28/54	2/13/54
Arthur W. Sempliner		300	250	3/12/54	3/13/54
Escrow Depositors					
Lafayette or Victor Beaubien		50	50		1/11/54
Lafayette Beaubien or Mrs. Hazel Meier		50	50		1/11/54
Gene L. &/or Mabelle E. Bennett		800	800		2/20/54
Florence E. Bishop	280		280		1/25/54
Robert J. &/or Joan Marie Brennan		307	307		1/15/54
Alvin J. Conlisk		85	85	2/ 5/54	2/ 6/54
Fishman Waste Paper Co.	500		500	3/ 5/54	3/10/54
Ben Fritz or Linda Fritz		50	50	1/ 9/54	1/11/54
Gratton Construction Co., Inc.		500	500		1/27/54
John F. or Netta M. Gutmann	187		150		1/18/54
Margaret K. & Elsie A. Gutmann	344		344	1/18/54	1/22/54
Harold R. or Regina A. Heimmerling		50	50		1/16/54
Marion C. Holefca		500	500	2/ 4/54	2/ 9/54
Bernard F. Kirby		1891	1891		2/ 2/54
Mae E. & Russell W. Knapp		100	100		1/11/54
Ethel L. & Harold F. Kernaffel		1000	1000	1/11/54	1/12/54
Gustav or Beulah Meissinger		100	100		1/26/54
Thomas J. or Alice Marks		100	100		1/11/54
Edgar W. &/or Ruth H. Marvin		300			

(Voting Trust Signatures And Certificates)

Trial Ex. No. 187

E. W. Marvin & Company		100	100	1/25/54	1/27/54
Hilmar Mayer		100	100	1/18/54	1/20/54
Monroe Scrap Material Co.		500	500		2/24/54
John F. McCormick		300	300	3/ 1/54	3/10/54
Mildred S. McMichael		52	52		1/ 9/54
John E. Murphy		250	250	1/ 8/54	1/ 9/54
A. D. Cronin, Jr. & H. J. Northmore, Trustees		250	250	2/19/54	3/10/54
Dorothea S. Putney		250	250	1/29/54	2/ 3/54
Elaine S. Putney		50	50	1/29/54	2/ 3/54
Gertrude Putney		400	400	1/29/54	2/ 3/54
R. Emerson Putney		250	250	1/29/54	2/ 3/54
William G. Putney		50	50	1/29/54	2/ 3/54
W. H. Reno		200	200	1/12/54	1/13/54
Marion J. or Maggie J. Robertson		100	100	1/12/54	1/15/54
Henry or Ida Rosen	500		500	3/10/54	3/11/54
Louis O. Kiehborth, Trustee		1000	1000	11/16/53	1/20/54
Sales Products Company		200	200	1/21/54	1/22/54
Alvin E. Sandroff		1297	1297	3/ 9/54	3/10/54
William H. L. Smythe		100	100	1/12/54	1/13/54
E. H. Voegeli Co.		200	200	1/14/54	1/16/54
Hilda or Cecelia Zeller		118	118	1/12/54	1/13/54

Note: Stock Certificate numbers and Voting Trust Certificate numbers omitted.

Totals for entire exhibit:

Signed Agreement	15,214 shares
" Cards	81,914-7/8 shares
Certificates Issued	95,608-7/8 shares

(Letter Re Insurance Increase)

Trial Ex. 197

JOHN E. MURPHY
General Insurance
2175 Penobscot Bldg., Detroit 26, Mich.
WOodward 2-0100

Sept. 8, 1953

Monroe Paper Products Company
Monroe, Michigan

Attention: Mr. Chas. E. Raney

Dear Charlie:

As per your instructions of this morning, I have instructed the Factory Insurance Association to increase your blanket coverage by $1, 400, 000. 00 (One Million Four Hundred Thousand Dollars).

This I have done as of noon today, Sept. 8, 1953.

Thanking you for this additional insurance, I am

Very truly yours,

John E. Murphy

Trial Ex. 223

November 24, 1953

FILE MEMO

Re: Monroe Paper Products Company.

On Friday, November 20, 1953, Charles E. Raney, Vice-President and General Manager of Monroe Paper Products Company, discussed the following matter with us and requested our opinion.

He stated that at the annual stockholders' meeting held September 23, 1953, the opposition group produced approximately 77,000 shares out of 186,671 shares, or approximately 42%, and on a compromise the management elected four of its five nominees, while the opposition elected four nominees, the ninth director's post going to Arthur W. Sempliner who controlled a block of stock. Subsequently the 42% block of stock controlled largely by the Groesbeck estate, was sold to Waterbury Corrugated Container Co., of Waterbury, Connecticut, whose nominee replaced one of the original opposition directors.

The management, representing approximately 54% of the stock according to the results of its proxy solicitation, desires to consolidate its position and that of the majority stockholders by having such stockholders enter into some form of stockholders' deposit arrangement whereby this block of stock can be held together with a view of negotiating the sale of such majority block intact at a favorable price. There is concern that the large minority block of some 42% held by Waterbury might be readily augmented through purchases of another 9% at a price only slightly in excess of the $10.00 price which was offered to stockholders generally by both the opposition and the management in connection with the

(December 15, 1953 Signatures)

Depn. Ex. 28

December 15, 1953

The following Stockholders have signed the Monroe Paper Products Company Voting Trust Agreement:

[illegible] F. Guttmann
George J. McMahon
Hilda Geller
Roger O. Case
Gene L. Bennett
Marion F. Guettler
Bess Fritz
J. Marion Robertson
Bernard J. [illegible]
E. W. Marvin Co Paul Olivier
[illegible] J. [illegible]
Harold H. Heinzerling
B. M. Knapp
Chas E. Raney
G. A. Blum
Geo. J. Huber
Alois J. Fontrak
Thomas J. Marks & Alice Marks 100
Lafayette F. Bamber
Lucille A Fox
Harold F. Kremeffel
Marion E Hoelka
[illegible]
(Monroe Savings National
[illegible])

Ada C Fritz
Mae E Knapp }
[illegible] Knapp
Margaret K. Guttmann
Elise J. Guttmann
Vernon K Knapp
William J. Weigert
Victor H. Weigert
Robert J. Brennan
[illegible]
Guelley Construction
By H. Guelley
John E. [illegible]
Arthur D. Cronin Jr.
Don Leathers

402,14 2/8

= 21.543%

7

186,618 1/3

Ex 28 3/13/5 [illegible]

(Weipert Time Sheets)

Depn. Ex. 34-A

Name and Address of Client: MONROE PAPER PRODUCTS CO. Also: Stkhldrs Committee Work

December 1953 Time Sheet

Title of Case or Description of Matter Handled

MONTH-DAY-YEAR	LAWYER	KIND OF WORK	DESCRIPTION OF SERVICE	TIME
1953 December	W			
1.		C.	Conf. J.D.Cook at bank re corporate problems. Telephone Mr. Raney.	1 hr.
			Examining corporate dode and preparing extracts for Mr. Raney.	1 hr.
			~~Examining law on voting trusts~~	
		C	Conf. Mr. Holefca of Detroit re pension trust drafting	1/2
2		C	Conference at Co. office, Messrs Knapp and Raney re pension plan etc	3 hrs.
4		C	Conf Clem Barron re Consolidated Paper Co pension trust. Obtaining copies of agreements, etc.	1 hr
5			Conf. JD COOk. Arranging meeting. Telephoning Mr. Raney	1/2 hr
7		C	In Circuit Court on calendar call; retaining Co. ~~and~~ vs. Woodall Industries cases, ~~on~~ from no progress dismissal. Letter to Company	1 hr.
8		S	Conference at bank, 10-12, Messrs. Knapp, Raney and Cook (non company)	2 hrs
11		S	Telephone calls Mr. Raney.	1/2 hr
		"	Misc. conf. & tehelphone calls Geo Huber, etc. Re trustee & letter, etc.	
14			Drafting purposes clauses, voting trust agreement	2 hrs
			Telephone calls.	1 hr.
15			Studying literature on voting trusts; directors as trustees, etc.	4 hrs.
16			A.M., drafting alternative Voting Trust certificate forms.	9 hrs
		(PM)	EVENINGS at company office, conf. Messrs. Knapp, Raney and Blum, et aliter.	
17			Redrafting certificates. Evening, drafting 5 p. Outline of workings of voting trusts, purposes etc.	7 hrs
18			Conf. at bank JD Cook. Conference Mrs. LaMour, etc. Obtaining data from Mr. Raney. Trips to printers.	3 hrs
			Correcting and amplifying Outline.	1 hr.
			Evening meeting Messrs. Knapp, Raney, Blum Kirby, Bennett, Gutmann, Case, etc.	3 1/2 hrs.
19			Telephone call Mr. Knapp. Working on agreement.	2 hrs.
20			(Sunday) working on draft.	4 hrs.
		C.	Office conference Messrs. Holefca & Newman on pension trust problems.	1 hr.
			Studying letters etc thereon	3 hrs.

244b

(Weipert Time Sheets)

Depn. Ex. 34-B

Name and Address of Client: **Title of Case or Description of Matter Handled**

MONROE PAPER PRODUCTS CO.

December 1953 Time Sheet (CONTINUED)

MONTH-DAY-YEAR	LAWYER	KIND OF WORK	DESCRIPTION OF SERVICE	TIME
Dec. 1953 (continued)				
21	W		Full day working on final draft Voting Trust Agreement. Checking same. ~~Drafting letters~~ Suggesting and stating reasons for additional clause (paragraph 21), and drafting alternative changes. Telephone Mr. Knapp. Conference VHW. Telephone Mr. Raney.	10 hrs.
22			Letter JD Cook re Voting Trust, and forwarding draft.	1 hr
			Conf. Mr. Knapp at office. Trip to bank, and conf. JD. Cook.	1 hr.
		C.	Long phone call from Mr. Halefca re pension plan.	1/2 hr
			Drafting other suggested paragraphs, voting trust. Trip to printers, proof-reading trust certificate. Studying draft of proposed letter to shareholders.	3 hrs.
23			Conf. J. D. Cook, obtaining approval of agreement. Conference Leo Boudinet on language for voting trust certificate stubs and transfer book, etc. Two phone calls Mr. Raney. Trip to printers, furnishing transfer book stub copy, and changing form of certificates.	4 hrs.
			Conf. Miss Guettler; reading amended draft letter. Suggestions thereon.	2 hrs.
24			Drafting suggested alternate letter to stockholders. Telephone calls committee. Letter Mr. Sempliner, enclosing drafts, etc. Trip to company, and conf.	6 hrs
28		C	Morning, phone calls, & checking law. All afternoon at company office, attending meeting. (re pension pl Evening: preparing new draft of letter; amended draft of Voting Trust Agreement; studying certificates re amendment, etc.	~~13~~ hrs Charge Co. 3 hrs. Stkhld. Comm. 10.
29			Dictating changes in letter and agreement, etc. [illegible] Teleph. Mr. Raney. Teleph. Miss Guettler, and conf. Mrs. LaMour.	3 hrs.
30			Conf. Mr. Raney re final additions to letter. Checking final typed draft of amended Agreement. Two trips to printers, re mix-up in stock forms etc Sending final Agreement to Company. Telephone calls re certificates.	6 hrs
31			At printer's rearranging names, etc. Obtaining final proofs of Voting Trust Certificates. Trip to bank. Trip to Company office; afternoon conference Messrs. Raney, Knapp etc.	6 hrs
			Letter of advice to Voting Trustees, with interpretation of requirements of section 34 Mich. General Corp. Act.	1 hr

Depn. Ex. 34-C

Name and Address of Client:

STOCKHOLDERS COMMITTEE
MONROE PAPER PRODUCTS CO.

January 1954 Time Sheet

Title of Case or Description of Matter Handled

MONTH-DAY-YEAR	LAWYER	KIND OF WORK	DESCRIPTION OF SERVICE	TIME
1954 JANUARY				
2			Conf. at bank with JD Cook and L. Boudinet, re certificate numbering & procedure, etc. Trip to printers.	1 hr.
4			Conf. JD Cook. Telephone calls. Delivering bank's copy etc.	1 hr.
			Drafting proposed instruction Sheet for mail solicitation.	1 hr.
5			Drafting alternate Signature Sheet for mail solicitation. Phone calls Miss Guettler re proof, etc. Conf. Leo Boudinet re transfer of shares.	2 1/2 hrs
			At Company offices; 11:30 - 2 (Luncheon discussion).	2 1/2 hrs
			At Blessings Print Shop. Correcting proof on stockholders letter. Telephone calls company.	1/2 hr.
			Evening, correcting proof on printed Voting Trust Agreement.	3 hrs.
6			Morning, two trips to Company. Conf. Messrs. Knapp, Raney, Blum re developments. Final decision on instruction sheet, etc. office work Two trips to printers. Telephone Mr. Blum. Telephone Mr. Raney. " committeemembers	7 hrs
			Office conference Geo. J. Huber, re contract provisions.	1 hr.
7			Telephone calls Miss Guettler, Mr. Knapp.	1/2 hr
8.			Telephone call Mrs Huck re Vot. Trust	1/4 hr
			Questions re procedure from Miss Guettler	1/4 hr
			Conf. Leo Boudinet	1/4 hr
			P.M. Telephone call Mr Blum	1 hr.
9.			Conf. Russell Reiser re Procedure	1/4 hr
11.			Conf. [illegible] Teleph. calls [illegible]	[illegible]
[illegible]		C.	Conf. Mr. Raney re pension [illegible] [illegible]	[illegible]
12.			Conf. J.D. Cook. Teleph. call [illegible]. Telephone calls from stockholders re advice.	[illegible]
			Teleph. call Mr Raney	1/2 hr
14			Teleph. calls stockholders	
15			" " ", & office conferences.	1 hr.
			Obtaining signatures to [illegible] Conf. Mr. Raney re [illegible] stockholders [illegible]	
16			[illegible]. conferences & phone calls, stockholders.	1 hr
18			" " " " " " "	1 hr
			phone calls Mr Raney	1/2 hr

(Weipert Time Sheets)

Depn. Ex. 34-D

Name and Address of Client:	Title of Case or Description of Matter Handled
MONROE PAPER PRODUCTS CO.	
January 1954 Time Sheet - Continued	

MONTH-DAY-YEAR	LAWYER	KIND OF WORK	DESCRIPTION OF SERVICE	TIME
JAN. 1954 (continued)				
18 (con'd)	W.	C	Studying pension trust data re basis of contributions by employees.	2hrs.
19			Conf. Mr. C.Barron, Consolidated, re pension question on contributions. Conf. Mr. Raney thereon. Telephone call reporting to Mr. Holefca, Detroit.	1 1/2 hrs.
			Misc. conf.& questions from stockholders.	1 hr.
			Telegram from Kull, California; telephone co.thereon.	1/2 hr.
20			questions from stockholders	
21			" " "	1 hr.
22		C	Conf. Dan Holefca re ~~voting~~ pension trust changes.	1/2 hr.
			Letter from N.J. lawyers re voting trust	
			Evening, telephone conf. Mr. Raney, etc.	1 hr.
23			At Company, conferring with Messrs. Raney, Knapp and Leathers, et al. Hearing report of Mr. Kirby,etc.	4 hrs.
			Conf. VHW re Company problems.	1 hr.
			Conferences and telephone calls stockholders.	1 hr.
25			Conf. Mr. Raney. Studying Mr. Kinsey's letter. Drafting proposed replies. Trip to Company, and conference Messrs. Knapp,Raney,Leathers,Blum.	5 hrs.
26			Conf.Mr. Raney. Two calls Miss Guettler. Studying Mr. Huber's proposed draft. Beginning ~~third~~ new draft.	2 hrs.
27			Writing and scrapping patched-up versions of early drafts. Preparation of new draft with different approach. Letter to Mr. Raney explaining same.	4 hrs
			Conf.Mr.Raney re meeting, etc. Sending papers to Company.	1/2 hr.
28			Restudy letter. Small changes, and new postscript.	1 hr.
			Conf Mr Raney re development	1/2 hr.
30			Telep. Mr. Raney. Considering announcement letter, etc.	1/2 hr.

(Telephone Bill Re Voting Trust Solicitation)

Depn. Exhibits 40, 40-A & B

FORM 1017-10

TO MICHIGAN BELL TELEPHONE COMPANY, DR.

BILL NO. Eastern 2-11 DATE February 25, 1954

Cr. 510-01 93.80
Cr. 159-2-149 23.45

For toll per attabhed statement	93.80	
25% U. S. Govt. Tax	v 23.45	$117.25

Ex 40-A
3/25/54

Weipert & Weipert
35 E. Front
Monroe, Michigan

PLEASE RETURN THIS COPY
WITH YOUR REMITTANCE TO
MANAGER
Monroe MICH.

FORM 1017-10

TO MICHIGAN BELL TELEPHONE COMPANY, DR.

BILL NO. Eastern 2-11 DATE February 25, 1954

Cr. 510-01 93.80
Cr. 159-2-149 23.45

For toll per attabhed statement	93.80	
25% U. S. Govt. Tax	v 23.45	$117.25

Ex 40
3/25/54

Weipert & Weipert
35 E. Front
Monroe, Michigan

Please Send Remittance
With Duplicate Bill To
MANAGER
Monroe MICH.

THIS BILL IS DUE AND PAYABLE WHEN RENDERED—MAKE CHECK PAYABLE TO MICHIGAN BELL TELEPHONE COMPANY

MICHIGAN BELL TELEPHONE COMPANY
TOLL CALLS AND TELEGRAMS
(SEE REVERSE FOR INDEX TO PLACE CALLED)

MRO
2380

1 13	S HVN	195
	W	245
	CGO	220
14	WYA	140
	W	100
	SAQ	105
	MBE	25
	HOWL	95
	A A	50
	ALMA	105
	HOWL	95
17	MBE	50
	W	55
	DET	70
	W	45
18	TRV CY	290
	JKN	95
	HUD	115
	HAM	185
19	MBE	25
	W	25
	BUCHANAN	120
	KZOO	130
21	DET	160

Ex 40-B
3/25/54

TOLL CHARGE	U. S. TAX	TOTAL CARRIED TO BILL

0—Message received collect
1—Telegram, Cablegram or Radiogram

Calls over 24¢ 25%
Calls under 24¢ 15%
Domestic telegrams 15%
Foreign telegrams 10%

MICHIGAN BELL TELEPHONE COMPANY
TOLL CALLS AND TELEGRAMS
(SEE REVERSE FOR INDEX TO PLACE CALLED)

MRO
2380

1 21	SAG	130
	TOL	65
22	TRV CY	140
23	VALLEY STREAM	250
25	FKLN	140
26	OFQTN	140
	WYA	240
	FKFD	260
27	SAG	430
28	KZOO	105
	W	280
	SAG	430
	FKFT	170
	CGO	270
29	YGTN	120
30	HUD	160
2 2	DET	200
	E LANS	155
8	CGO	695
10	DET	80
1 15	MMI C	800
16	W	1000
	W	250
19	KZOO	130

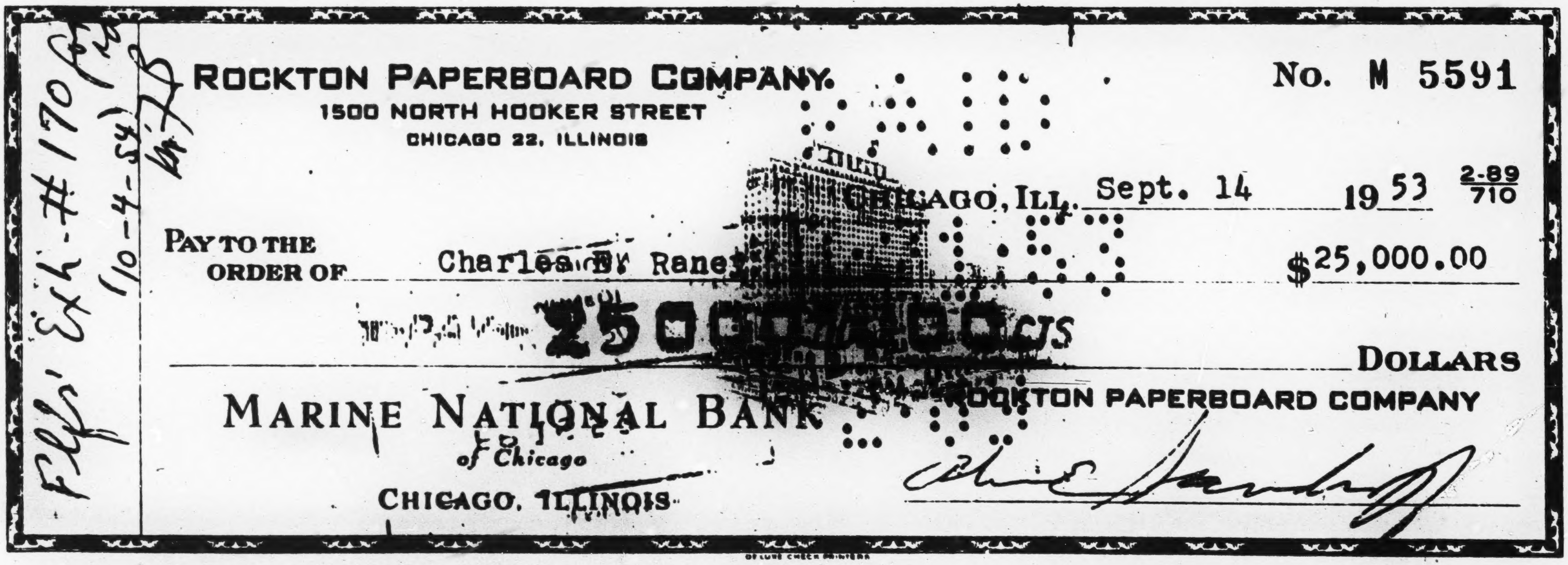
TOLL CHARGE	U. S. TAX	TOTAL CARRIED TO BILL
93.80	23.45	117.25

0—Message received collect
1—Telegram, Cablegram or Radiogram

Calls over 24¢ 25%
Calls under 24¢ 15%
Domestic telegrams 15%
Foreign telegrams 10%

(Sandroff's Escrow Deposit Check)

Depn. Ex. 170



Plfs' Exh-#170
(10-4-54)

ROCKTON PAPERBOARD COMPANY
1500 NORTH HOOKER STREET
CHICAGO 22, ILLINOIS

No. M 5591

CHICAGO, ILL. Sept. 14 1953

2-89
710

PAY TO THE ORDER OF Charles E. Rane

$25,000.00

25000 00 CTS

DOLLARS

ROCKTON PAPERBOARD COMPANY

MARINE NATIONAL BANK
of Chicago
CHICAGO, ILLINOIS

DE LUXE CHECK PRINTERS

294b

(Deliveries of Voting Trust Certificates By Mail After 2/24/54)

Trial Ex. 296

VOTING TRUST CERTIFICATES ISSUED SINCE 2/24/54

RO. [illegible] July 9/55/ [illegible]

V.T.C.	DATE	NO. SHARES	NAME	ADDRESS	MAIL
291	3-10	331	✓ Telbizoff, Louis A.	Monroe, Michigan	✓ Mail
292	3-10	38	✓ Tom, Stella	Monroe, Michigan	✓ Mail
293	3-10	1297	✓ Sandroff, Alvin E.	c/o Thomas Paper Stock Co.,1500	✓ Mail
294	3-10			No. Hooker Ave., Chicago, Ill.	
294	3-10	937	✓ Moyer, Dr. M.J.	Monroe, Michigan	✓ Mail
295	3-10	50	✓ Moynihan, Joseph A. Jr.	Detroit, Michigan	✓ Mail
296	3-10	1000	✓ Larrow, Agnes	Monroe, Michigan	✓ Mail
297	3-10	10	✓ Gilday, Rose	Monroe, Michigan	✓ Mail
298	3-10	173	✓ Dewey, Miss G.E.R.	Monroe, Michigan	✓ Mail
299	3-10	47	✓ Grancitelli, Antonio	Monroe, Michigan	✓ Mail
300	3-10	56	✓ Blanke, L. & Gerda H.	Monroe, Michigan	mail----
301	3-10	94	✓ Kemmerling, N. T. & W. J. McLaren	Monroe, Michigan	----
302	3-10	94	✓ Kemmerling, N. T. & E.K. Oetjens	Monroe, Michigan	----
303	3-10	500	✓ Fishman Waste Paper Co.	Detroit, Michigan	✓ Mail
304	3-10	300	✓ McCormick, John F.	Grosse Pointe Farms, Mich.	mail---
305	3-10	47	✓ Wahmhoff, Mabel G.	Toledo, Ohio	✓ Mail
306	3-10	500	✓ Lamale, Emma	LaSalle, Michigan	✓ Mail
307	3-10	375	✓ Chapman, Rose L.	Rockwood, Michigan	mail ?
308	3-10	250	✓ Drouillard, Maud & Rudolph	Monroe, Michigan	✓ Mail
309	3-10	350*ncld	✓ Heller, Mrs. Sarah C.	Monroe, Michigan	mail----
310	3-23	23	✓ Todoro, Alfred	Monroe, Michigan	✓ Mail
311	3-10	25	✓ Todoro, Richard	Monroe, Michigan	✓ Mail
312	3-10	75	✓ Todoro, Mary	Monroe, Michigan	✓ [illegible]
313	3-10	10	✓ Rousselo, Charles	Monroe, Michigan	mail--
314	3-10	23	✓ Todoro, Frank	Monroe, Michigan	mail---
315	3-10	23	✓ Todoro, Joseph	Monroe, Michigan	Mail
316	3-10	337	✓ Snell, Margaret M.	Monroe, Michigan	Mail
317	3-10	94	✓ Little, Howard B. &/or Ada S.	Monroe, Michigan	Mail
318	3-10	100	✓ Price, Maude	Monroe, Michigan	✓ Mail
319	3-10	250	✓ Cronin, A.D. Jr. & H. J Northmore Trustee	Detroit, Michigan	✓ Mail
320	3-10	375	✓ Herbst, Wm. J. and/or Hattie B.	Monroe, Michigan	✓ Mail
321	3-10	53	✓ Gentner, Franklin E.	Toledo, Ohio	✓ Mail
322	3-10	296	✓ McCormick, Grace A.	Monroe, Michigan	✓ Mail
323	3-10	93	✓ Wright, Laura B.	Monroe, Michigan	✓ Mail
324	3-10	47	✓ Albain, John	Monroe, Michigan	✓ Mail
325	3-10	56	✓ Bauerle, Dan	Monroe, Michigan	✓ Mail
326	3-10	347	✓ Kraus, Ben	Monroe, Michigan	✓ Mail
327	3-10	375	✓ Duvall, B.J. & Cora	Monroe, Michigan	mail?
328	3-10	468	✓ Lulu, Karl, etc.	Monroe, Michigan	✓ Mail
329	3-10	113	✓ Eichbauer, Mrs. Wm. H	Monroe, Michigan	✓ Mail
330	3-10	219	✓ Eichbauer, William H.	Monroe, Michigan	✓ Mail
331	3-10	200	✓ Dull, Ray C.	Monroe, Michigan	✓ Mail
332	3-10	75	✓ Brost, Nellie & Robert	Monroe, Michigan	✓ Mail
333	3-10	352	Daiber, Anton c/o Weiper	Monroe, Michigan	?

*Cancelled

(Deliveries of Voting Trust Certificates By Mail After 2/24/54)

Trial Ex 296

334	3-10	95	Weipert, Victor	Monroe, Michigan	messenger	?
335	3-10	95	Weipert, W. H.	Monroe, Michigan	"	?
336	3-10	132	Worthen, Lenora	Monroe, Michigan	Personal	----
337	3-11	93 *	McMahon, George J.	Monroe, Michigan	Messenger	~~Mail~~
338	3-11	500	✓ Rosen, Henry or Ida	Roseville, Michigan		✓ Mail
339	3-11	125	Eichbauer, Elmer F.	Monroe, Michigan	messenger	~~Mail~~
340	3-12	(10) reissue	McMahon	Monroe, Michigan	"	~~Mail~~
341	3-12	(83) reissue	McMahon	Monroe, Michigan	"	~~Mail~~
342	3-12	100	Mahr, Leona	Monroe, Michigan		✓ Mail
343	3-12	(188) **	Woelmer, Louise	Monroe, Michigan		----
344	3-13	(300) **	Sempliner, A. W.	Detroit, Michigan		----
345	3-13	(94) reissue	McGill, Hattie	Monroe, Michigan	Personal	----
346	3-13	93	Leckler, Mina & Fred Jr.	Erie, Michigan	"	----
347	3-13	187	Leckler, Mina & Fred Jr.	Erie, Michigan	"	----
348	3-13	37	McDonald, E.R. & Pearl	Detroit, Michigan	"	----
349	3-13	250	✓ Sempliner, A. W.	Detroit, Michigan		✓ Mail
350	3-16	250	✓ DuBuque, Julie	Detroit, Michigan		✓ Mail
351	3-17	3296	✓ Kampe, Dorothy L.	Visalia, California		✓ Mail
352	3-17	1000	✓ Sempliner, A. W.	Detroit, Michigan		✓ Mail
353	3-17	1000	✓ Sempliner, A. W.	Detroit, Michigan		✓ Mail
354	3-17	1000	✓ Sempliner, A. W.	Detroit, Mihhigan		✓ Mail
355	3-17	1000	✓ Sempliner, A. W.	Detroit, Michigan		✓ Mail
356	3-17	1000	✓ Sempliner, A. W.	Detroit, Michigan		✓ Mail
357	3-17	1000	✓ Sempliner, A. W.	Detroit, Michigan		✓ Mail
358	3-17	1000	✓ Sempliner, A. W.	Detroit, Michigan		✓ Mail
359	3-17	203	✓ Sempliner, A. W.	Detroit, Michigan		✓ Mail
360	3-19	175	Bloomfield, Theo. W.	Monroe, Michigan	Pers	----
361	3-20	94	✓ Lauther	Miami, Florida		✓ Mail
362	4-6	(187) reissue	✓ Armstrong, Eugene C.	Cassolpolis, Michigan		✓ Mail
363	4-9	187	Reinhart, C. W. or R.S.	Monroe, Michigan	Pers	----
364	4-14	375	Schmid, E.&F. Klappich	Monroe, Michigan	Pers	----
365	4-15	(100) reissue	✓ Bache & Co.	New York, New York		✓ Mail
366	4-15	(100) "	✓ Bache & Co.	New York, New York		✓ Mail
367	4-15	(100) "	✓ Bache & Co.	New York, New York		✓ Mail
368	4-15	(50) "	✓ Bache & Co	New York, New York		✓ Mail
369	4-26	82	Nickelsen, J. M. U. of M.	Ann Arbor, Michigan	Pers	----

* Cancelled

** Cancelled and not reissued

March	10	10,800
March	11	718
March	12	100
March	13	567
March	16	250
March	17	10,499
March	19	175
March	20	94
April	9	187
April	14	375
April	26	82
TOTAL		23,847
Reissued		724

recent solicitation of proxies. Mr. Raney feels that the majority block might be sold for from $15.00 to $18.00 per share. Our opinion is requested as to what type of stockholders' deposit arrangement might be entered into whereby the deposit by the majority stockholders of their shares might be solicited under an agreement to deposit the shares with a stockholders' committee with blank assignments attached under an authorization to sell the shares as part of a block if more than 50% of the outstanding shares are deposited at the most favorable price obtainable, but not less than, for example, $15.00 per share. This stockholders' Committee would also be authorized to raise such funds from its members as may be required so as to have funds available to purchase outright any stock deposited in hardship cases where the stockholder needs the proceeds from the stock sale prior to the completion of negotiations for sale of the block of stock. It was suggested that this purchase be made at a price equal to a bona fide offer that such hardship stockholder may present to the Committee. This hardship arrangement of course would be for the purpose of keeping the block of stock together. The hardship stock could be held by the Committee until the completion of negotiations and then the proceeds distributed pro rata to the Committee members who contributed the purchase funds.

Mr. Raney also had in mind that this solicitation might run over a period of many months and possibly past the date of the next annual meeting and accordingly he wanted to have a proxy for the next annual meeting deposited with the stock in each case, although the primary purpose of the plan is not to solicit such proxies but rather consolidate the majority holdings into a salable block for sale negotiation purposes.

Consideration was also given to the possibility of a voting trust, but it became apparent that again the primary purpose of the proposal was not control as such but rather to have the majority shares deposited irrevocably for a definite period for the purpose of negotiation of a sale of the stock at not less than a certain minimum price.

In our opinion we are to discuss, comment and advise upon the proposed plan. Apparently it is intended that immediate action be initiated on this proposal and accordingly we are requested to expedite our opinion and have it in the mail before Thanksgiving if possible.

G. L. S.

(Clark-Klein Letter to Raney)

Trial Ex. 224

Clark, Klein, Brucker & Waples
Detroit 26, Michigan

November 25, 1953

Mr. Charles E. Raney, Vice-Pres.
Monroe Paper Products Co.
115 E. Elm St.
Monroe, Michigan

We have been advised that at the annual stockholders' meeting held September 23, 1953 approximately 77,000 shares out of 186,671 shares, or approximately 42% of the stock, were represented by a group which was not friendly to the management. We are also advised that since that time this block of stock, controlled largely by one estate, was sold to Waterbury Corrugated Container Co. of Waterbury, Connecticut, whose nominee is now on your Board. At the annual meeting approximately 54% of the stock favored the management and was voted in a block, resulting in the continuance of the present management. We are also advised that effort has been made and will continue to be made to acquire additional shares of stock on behalf of minority interests, giving them actual control as well as working control, and accordingly the management and many of the stockholders friendly to management feel that ultimately a sale of the controlling interest in the Company will be advisable provided a fair price is obtained for the stock, your thought being that the price should be between $15 and $18 per share, as against the $10 price which was offered to stockholders generally about the time of the annual meeting.

(Clark-Klein Letter to Raney)

Trial Ex. 224

You have requested our opinion as to what type of stockholders' deposit arrangement might be entered into whereby the deposit by the majority stockholders of their shares might be solicited under an agreement to deposit the shares with a committee accompanied by blank assignments under authorization to sell the controlling interest as a part of a block at the most favorable price obtainable, but not less than say $15 per share. It is contemplated that such agreement provide that the committee be authorized to raise a fund from its members as may be required so as to have funds available to purchase outright any stock coming on the market in hardship cases before negotiations for sale of the control can be effected.

Generally speaking, the scheme above set forth and outlined to us is possible of accomplishment. An agreement may be entered into by the stockholders electing to join with the group to accomplish the above purposes. In order to accomplish these purposes it would be necessary for the shareholders to execute stock powers, attach the same to the stock certificates, and deliver them to an agreed depositary to hold pursuant to the terms of the agreement. For purposes of this opinion, we are not outlining what the terms and conditions of such an agreement should be, but are confining ourselves to the statement that an agreement properly drawn is enforceable.

The foregoing has certain objections; particularly, as we conceive it, the objection that so long as the stock stands in the name of a stockholder it can be sold to an innocent holder for value notwithstanding his being a party to the agreement, and the other stockholders party to the agreement would have as their remedy only a suit against the selling stockholder for damages. It has the further objection that as a practical proposition it would be almost impossible to have all of the shareholders, other than the Waterbury Corrugated Container Co., deposit their shares under the foregoing plan. If you fail to receive more than 50% of the shares of stock, other than the Waterbury stock, the entire scheme would not be practical as it would only lead to a contest between Waterbury and the controlled group of stockholders to acquire the shares of non-depositors, and in view of the fact that such a large block is owned by Waterbury, it would not be an insurmountable difficulty for them to acquire enough shares to get actual control of the Company.

There is under Michigan law another alternative which we think is very much better than a simple agreement as above outlined. This is provided for in Section 34 of the General Corporation Laws of Michigan, which provides for voting trusts. Under this provision the shareholders may by agreement in writing deposit shares of capital stock with or transfer the shares of capital stock to any person or persons or corporation for the purpose of vesting in such person the right to vote thereon or for such other lawful purposes as may be agreed for any period of time not exceeding ten years upon terms and conditions stated in such agreement.

Assuming that a Voting Trust Agreement is executed by more than 50% of the shares of stock of the Company, the following procedure could be adopted: One or more persons could be appointed Voting Trustees with definite instructions set forth in the Voting Trust Agreement, which in your case would provide for a sale of the shares by the Voting

Trial Ex. 224

Trustees as a block, at a price to be agreed upon by the Voting Trustees, but not less than a minimum set forth in the agreement without the consent of the depositing stockholders." Provision can be made for a meeting of the depositing stockholders to direct the Trustees, or it can be provided that direction be given in writing to the Trustees, in the event of an offer for the trusteed block of shares. Upon the execution of the Voting Trust Agreement by the stockholders and the Trustees, the Trustees will issue Voting Trust Certificates, which Voting Trust Certificates will go to the stockholders depositing their shares and will entitle them, upon the termination of the Voting Trust, to have returned to them the number of shares originally deposited or the sales price therefor. The Voting Trust Agreement can provide for the payment of expenses of the Voting Trust, and can also provide that the Trustees may acquire distressed stock for the benefit of the Voting Trust and charge to each of the Voting Trust Certificate holders their proportionate share of the cost of acquisition of such additional shares, in which event each of the depositing stockholders would be entitled upon termination of the Voting Trust to a pro rata share of the stock so acquired, subject of course to the payment of the pro rata share of costs.

The advantages of a Voting Trust must be quite apparent. First, the time can be limited to any period from 0 to 10 years, depending upon the desires of the stockholders. The legal title to the shares of stock will be vested in the Trustees. They will have the right to give proxies and to vote the shares at annual meetings. The Voting Trust Agreement can provide either that they exercise their judgment in voting

(Clark-Klein Letter to Raney)

Trial Ex. 224

for directors, or that they vote for the nomination and election of specifically predetermined directors. The Voting Trust Certificate holders then have a paper which is representative of their shares, is transferable, but only subject to the terms and conditions of the Voting Trust Agreement, and will not entitle the Voting Trust Certificate holders to a termination of the Voting Trust Agreement merely because the Voting Trust Certificates are sold and disposed of. Also, it is possible in the Voting Trust Certificates and in the Voting Trust Agreement to provide that no sale of Voting Trust Certificates can be had unless first the selling Certificate holder offers the shares to the Voting Trustees for a specific period of time within which the Voting Trustees will have a right to purchase the shares at the offered price, and restrictions can be put into the Voting Trust Agreement that the Voting Trust Certificate cannot be transferred at a lower price without first again offering the same to the Voting Trustees for a period, which should be shorter than the first period above mentioned. There is an added advantage in that a Voting Trust Certificate holder could borrow money upon his Voting Trust Certificate exactly as he could on the actual shares of stock, except that probably the loan value would be less because restricted as to the time when the actual shares of stock are deliverable to the Voting Trust Certificate holders upon dissolution of the Voting Trust.

Obviously, in an opinion which is as short as this must be to serve your purpose, we do not delineate all of the provisions which may be put into a Voting Trust Agreement, but the Voting Trust arrangement, in our judgment, would serve your purposes better than a mere agreement such as you outlined to us several days ago.

If you have any questions with reference to this opinion or the matters which you desire to accomplish, please call the writer on Friday morning and we will either supplement this opinion or amplify to you over the telephone.

Very truly yours,

George H. Klein.

GHK/B

(Letter from Weipert to SEC)

Trial Ex. 248

WEIPERT AND WEIPERT
Attorneys at Law
Monroe, Michigan

February 9, 1954

Edward H. Rakow, Esq.
Securities & Exchange Commission
1074 Federal Building
Detroit 26, Michigan

Dear Mr. Rakow:

It was a pleasure to be able to furnish you the information requested by you yesterday, at our conference concerning the Voting Trust Agreement covering deposited shares of Monroe Paper Products Company.

Any further information which you may at any time require will be furnished immediately.

As you know, it was not until Mr. Kinsey (who is a director of the Company, as I think I advised you) filed suit last week, with Mr. Kunkel and Waterbury Corrugated Container Company joining as plaintiffs, that we knew that anyone would seriously urge that a public offering was here involved, within the meaning of the Securities Act of 1933   It may be of interest to you to know, what I do not think I mentioned to you, that although Mr. Kinsey attended the last meeting of the Board of Directors in Monroe on January 27, 1954, and had full knowledge for some time before then of the Voting Trust and all details pertaining to it, he did not see fit to even mention the subject at the Director's meeting.   Nor did directors Krave and Feinberg, who are the other directors not in the voting trust itself.

This may be of no particular importance - particularly since neither Mr. Kinsey or any of the other plaintiffs joined the voting trust, as

(Letter from Weipert to SEC)

Trial Ex. 248

depositors or otherwise, and hence would seem to have no standing in court to attack it. I mention it only for what relevance it might have - being aware that there are things in this field of legal philosophy known as security regulation the why and wherefore whereof I wot not of.

I am hopeful that by gathering together the full background materials, as they affect the Voting Trust solicitation, we will be able to convince you that the stockholders of this small corporation were intimately informed of all relevant data affecting share value. From last September, on, it has been a local cause celebre. Newspaper accounts of last year's proxy-vs.-option contest were read not only by stockholders (and mailed to non-residents) but by practically everyone else in the community and daily interviews with proponents of both sides appeared; stockholders received literature in volume from management and from the minority group trying to effect a sale to National Container. All this lead to the phenomena of a nearly 100% attendance at the Annual Stockholders Meeting of last September 23.

It is my view that this is worthy of consideration, in determining whether a true "public offering" was involved when these same stockholders were solicited to form a Voting Trust. Particularly since the latter grew out of, and represented a continuation, of this rather unusual and extended form of stockholder-education. Average citizens do not ordinarily know what words like proxies, options, voting trusts, replacement vs. book value, mean; but Monroe Paper Products Company stockholders learned it all, and "ate it up" because of the drama of its Monroe vs. The Outside World aspects.

(Letter from Weipert to SEC)

Trial Ex. 248

Allow me to repeat, in the added solemnity of writing; my assurance to you, that so long as there is any doubt in the minds of the Security Exchange Commission, no further solicitation will be conducted in any way. As we stated, the goal had been reached before the question arose, and further solicitation would in any event have been more technical than real, and that only because of the "open-end" feature of the Voting Trust Agreement.

To give added assurance on this point, President Burton S. Knapp is writing to all stockholders, advising that the Voting Trust is now closed to further participation.

We will proceed to take any steps you wish us to take. If registration is still indicated when the Commission has analyzed the full facts, registration will be processed with all speed. We are prepared to go to Washington at any time. It will no doubt be preferable to wait until your report is completed, and we have the materials you are obtaining for us; but if any questions arise earlier, that need on the spot answers, we shall greatly appreciate being advised and will be governed accordingly.

Thanking you for your helpfulness and manifold courtesies,

Yours very truly,

WEIPERT AND WEIPERT

By W. J. Weipert

WJW:MRB

(Letter from Weipert to SEC)

Trial Ex. 251

(LETTERHEAD OF WEIPERT & WEIPERT)
Attorneys at Law
Monroe, Michigan

February 27, 1954

Walter Holden, Esq.
Securities and Exchange Commission
425 Second Street NW
Washington, D. C.

Re: Monroe Paper Products Company,
(Monroe, Michigan) Voting Trust Certificates

Dear Mr. Holden:

As per recent arrangements with Mr. Edward H. Rakow of your Detroit office, the writer agreed to contact you relative to coming to Washington to review the captioned matter. I have been expecting from day to day, to be able to telephone to arrange a date and time satisfactory to you. However, we have been engaged full time in the taking of depositions, in the suit against the company, directors and voting trustees pending in Federal Court in Detroit, and in court hearings on their scope and content. These discovery depositions are being taken by the plaintiffs, represented by George Brand of Detroit, and we are under court order to proceed with them.

As soon as these are finished, or we can at any rate see a lull of a day or two, I will telephone you for an appointment. As matters look now, it will not be until toward the end of the week of March 1, or early the following week.

I am anxious to go over this matter with you, and will arrange

Trial Ex. 251

to do so as soon as possible. Trusting that this will be satisfactory to you.

Yours very truly,
WEIPERT AND WEIPERT
By W. J. Weipert

WJW:MRB

cc: Ed. H. Rakow

(STAMPED - Received March 2, 1954 L&E Records Unit to Holden; March 3, 1954 1st Mail, and Securities and Exchange Commission Received March 3, 1954 - Division of Trading and Exchange.)

(Letter from Weipert to SEC.)

Trial Ex. 252

WEIPERT AND WEIPERT
Attorneys at Law

March 1, 1954

Ed. H. Rakow, Esq.
1074 Federal Bldg.
Detroit 26, Michigan

Dear Ed:

We enclose copies of letters to the Committee in Washington, and to Michigan Corporation and Securities Commission, which will be self-explanatory.

With best personal regards,

Sincerely yours,

WEIPERT AND WEIPERT

Note: Copy of Trial Exhibit 251 attached.

(Enclosure Attached to Trial Exhibit 252.)

February 27, 1954

Michigan Corporation and Securities Commission
20th Floor
Cadillac Square Building
Detroit, Michigan

Attention: Mr. Edward Starkey

Re: Monroe Paper Products Company
Voting Trust Certificates

Gentlemen:

In connection with the above matter, and the suit which as you know is pending thereon in Federal Court, namely John P. Kinsey et al vs. Burton S. Knapp et al, the plaintiffs being represented by George Brand, we would like in the near future to go over the same with you as well as with the Securities and Exchange Commission.

We enclose copy of letter to the Securities and Exchange Commission on the same subject, from which you will note that we are making arrangements with that Commission to review this matter. If it is determined that the voting trust involves an issuance subject to registration, or that serious question exists as to whether it might be, steps will be taken to register.

We believe that the first step to take is to clear the matter in Washington, and will keep you fully advised.

Yours very truly,

WEIPERT AND WEIPERT

(Letter from Knapp to SEC.)

Trial Ex. 254

Monroe, Michigan
July 1, 1954

Mr. Edward H. Rakow, Attorney
U. S. Securities and Exchange Commission
1074 Federal Building
Detroit 26, Michigan

Dear Mr. Rakow:

May I take this opportunity to express to you and to Mr. Hart our appreciation for having been given the opportunity to appear before you, gentlemen, and I sincerely hope that we have presented the details pertaining to the case with which, perhaps, you were not familiar.

I was very much surprised to be informed that several of the stockholders of the Monroe Paper Products Company had, I assume, made claims in the form of sworn statements to the effect, that one or more of the several members of the office personnel of this Company had, at the time of contacting stockholders in the Trust Agreement Sign-Up, misrepresented the facts as they pertained to this Agreement or had used high pressure salesmanship tactics.

I am deeply concerned over the aforementioned claims; and therefore called a meeting of Messrs. B. Kirby, R. Case, G. McMahon, J. Gutmann and G. Bennett and advised them that one or more of them have been designated in these complaints as the parties now on record as having misrepresented the facts. Each and every one of them request that he be given the opportunity to present their testimony and make a sworn statement as to the facts.

I concur with them in this appeal. As per the record, they are now accused of an unethical act by a party and they should be afforded the opportunity to present their testimony and judgment then can be made of the facts as of record.

Again, may I say that I sincerely trust that I have not only presented their viewpoint but also that of my own and, in order to have a complete presentation of all the facts, it is hoped that these requests will be granted.

Very respectfully yours,

Burton S. Knapp

(Letter from Weipert to SEC)

Trial Ex. 262

WEIPERT & WEIPERT
Attorneys at Law
Monroe, Michigan

August 9, 1954

Walter G. Holden, Esq.
Assistant Director
Division of Trading and Exchanges
Securities and Exchange Commission
Washington 25, D. C.

Re: Monroe Paper Products Company Voting Trust

Dear Mr. Holden:

Following our August 4 appearance before the Securities and Exchange Commission, you requested information as to the number of shares deposited under the Voting Trust Agreement, for which original voting trust certificates were issued for the first time from and after March 17, 1954.

The records of the Monroe State Savings Bank, depositary under the Voting Trust Agreement, show that on March 17, 1954, the following voting trust certificates were issued:

#351	3296 shares	Dorothy L. Kampe
#352/9	7203 shares	Ida M. Sempliner

We should explain, as to the above, that the Kampe and Sempliner voting trust certificates, representing a total of 10,499 shares, were included in the computation furnished to you on March 17 in Washington, by Mr. Sempliner and myself. They made up part of the 51-1/2% plus of the outstanding stock, given to you then as deposited under the Voting Trust Agreement and for which voting trust certificates were issued and outstanding. Although the voting trust certificate stubs show that the bank did not actually date the certificates until March 17, the stock had been deposited some time before that date.

Mrs. Sempliner is Arthur Sempliner's mother, and Mrs. Kampe is the sister of Don Leathers, another voting trustee. Both had signed the Agreement itself a considerable time before, but were travelling and had delayed sending in the stock itself. When Mr. Sempliner and I were at your office, March 17, we had been advised that the stock was at the depositary bank and trust certificates were being issued, and therefore included the same in our tabulation.

Possibly Mr. Rakow's computations, made at the bank some months later, did not make this time sequence clear to you. We hope that the above will clarify it.

From March 17, 1954 to date the following shares of stock have been deposited and voting trust certificates issued to the depositors on the following dates:

March 19	175 shares	Theodore Bloomfield
March 20	94 shares	Mrs. C. F. Lauther
April 9	187 shares	Clarence W. Reinhardt
April 26	82 shares	J. M. Nichelson
June 28	94 shares	Herbert C. and Charlotte Bodamer

The last-mentioned issuance of voting trust certificate, for 94 shares on June 28, was not known to the writer before. We find upon inquiry from the depositary bank that it came about under these circumstances. Mr. Bodamer on the date in question advised the trust officer, Mr. Boudinet, that he desired to sell these 94 shares to the broker for the Waterbury Company, but that the broker was willing to pay the same

(Letter from Weipert to SEC)

Trial Ex. 262

amount for either the original stock certificate (which Mr. Bodamer still held then), or for the voting trust certificates. Although Mr. Bodamer could have sold the original certificates, he had no complaint about the Voting Trust Agreement which he had executed earlier, and wished to live up to it by depositing his shares, obtaining voting trust certificate and then exercising his rights thereunder and selling the latter certificate. To accommodate him the depositary accepted the late deposit and issued voting trust certificate.

None of the other voting trust certificates, issued on or after March 17 as above listed, have been sold to our knowledge. These parties had executed the Voting Trust Agreement prior to its closing on February 9. They came in voluntarily on the dates indicated and deposit was accepted for their accommodation. The Voting Trustees did not benefit in any way, since under any interpretation of the Voting Trust Agreement 50% had been reached, both in signatures and in deposits, prior to March 17.

Should you desire any further information we shall at all times exert ourselves to furnish the same immediately.

Please accept our thanks for making it possible for our clients and the writer to appear before the Commission. If additional copies of the written presentation could be used, we will be glad to have such made, or to elaborate on any matter not sufficiently covered.

The following points in particular we had intended to cover more in oral presentation than time allowed:

* * *

Respectfully yours,

WEIPERT AND WEIPERT

By William J. Weipert

Trial Ex. 263

PRESENTATION

MONROE PAPER PRODUCTS COMPANY
MONROE, MICHIGAN

VOTING TRUST AGREEMENT

TRUSTEES

BURTON S. KNAPP
Monroe Paper Products Company
Monroe, Michigan

CHARLES E. RANEY
Monroe Paper Products Company
Monroe, Michigan

GEORGE A. BLUM
Monroe Paper Products Company
Monroe, Michigan

DON B. LEATHERS
Monroe Paper Products Company
Monroe, Michigan

HONORABLE ARTHUR W. SEMPLINER
2005 Dime Building
Detroit 26, Michigan.

(Sempliner Presentation to SEC.)

Trial Ex. 263

* * *

RE VIOLATION OF SECURITIES AND EXCHANGE ACT -

Insofar as the alleged violation of the Securities and Exchange Act by the Monroe Paper Products Company is concerned, i.e. their failure to register the Voting Trust Agreement with the Commission as provided by the Act, the violation was not a deliberate, conscious act on the part of the Corporation or the Trustees. Through an inadvertent oversight by the Corporation and the Trustees and its respective counsel, the Monroe Paper Products Company, together with the investment of the small stockholders, is now being placed in jeopardy. The very existence of the corporate entity is at stake due to this omission to comply with the Securities Act. Upon the Commission's decision hangs the continued life of this Corporation and the continuation of the Monroe Paper Products Company as a local community enterprise consonant with the principles of free enterprise.

It is submitted that while non-compliance with the Act, for the sake of this presentation is admitted, the error under the unique situation present is harmless. For the Commission to now hold otherwise would violate the spirit and intent of the Securities Act and by administrative action accomplish the very injustice that the Securities Act was intended to prevent. This is particularly true, as the only complaint known, is that of the Waterbury group.

ABSENCE OF ILLEGAL INTENT -

The Voting Trust Agreement entered into between the stockholders and the Voting Trustees was not consum-

Trial Ex. 263

mated with any intent to violate the laws of the United States or the rules and orders of the Security Commission. While the Agreement may have been performed illegally in that the parties failed to comply with the registration requirement of the Securities Act, it is not illegal per se, nor void in its inception. It falls into that category of legal agreements which have been performed in an illegal manner and should not in the absence of specific facts or acts which violate the tenor of the Securities regulations, be voided. There was no agreement or knowledge as between the parties that anything should be done in violation of existing laws. Illegal performance should not invalidate the Agreement between the parties that was legal when made.

* * *

It is further submitted that the alleged violation of the Securities Act does not constitute a continuing violation whereby this Commission should take action to set aside the Agreement. The law specifically provides adequate relief to any stockholder under the Voting Trust who feels that his best interests have not been served and protected by the Voting Trust Agreement.

* * *

(SEC Memo Re Weipert-Sempliner Conference)

Trial Ex. 266

MEMORANDUM

Securities and Exchange Commission Files

Re: Monroe Paper Products Company CI-236

April 7, 1954

On March 17, William J. Weipert, attorney for the Voting Trustees, and Judge Arthur W. Sempliner, one of the trustees, called at this office to confer with Mr. Eisenhart, Mr. Mendelsohn and myself.

During the discussion it was explained to them that voting trust certificates are securities, and, since the offering in this case was to something over 400 stockholders in several States, a public offering was involved necessitating registration.

During the course of the discussion reference was made to the fact that Vogel & Co., a broker-dealer in Detroit, advertised in Detroit papers offering $10 per share for stock of Monroe Paper Products Company, and as a result obtained some stock. This was during the course of the proxy fight prior to the last stockholders' meeting.

Mr. Weipert told us that there are 432 stockholders, 68 of whom are non-residents. As of February 1, 1954, holders of 96,085-5/8 shares had signed subscription agreements for voting trust certificates. It was at that time that a letter was directed to stockholders stating that Mr. Weipert had been advised of the applicability of the registration requirements of the Securities Act. On that date voting trust certificates had been issued for 37,411-1/2 shares. By February 23 certificates had been issued for 72,167-7/8 shares. Between February 23 and March 17, voting trust certificates were issued for 23,122 shares, making the total of voting trust certificates issued as of March 17, 95,287-7/8 shares. It was explained to Mr. Weipert that using the mails to deliver voting trust certificates would constitute a violation of Section 5(a)(2) of the Securities Act even though the subscriptions were received at a time when they thought registration was not required. It would appear that as of March 17 they had subscriptions for about 796 shares for which voting trust certificates had not been delivered.

Mr. Weipert and Judge Sempliner stated that they would prepare and file a registration statement, accompanied by an offer of rescission which would be submitted to all stockholders who had signed subscription for voting trust certificates.

They had with them a copy of a letter dated March 15, 1954, indicating that the Waterbury group were then soliciting stockholders to sell at $15 per share.

WALTER G. HOLDEN,
Assistant Director.

WGHolden VSO

Note

Pages 294b-295b are on Card 16

(Letter from Weipert to Sempliner Re Registration.)

Trial Ex. 309

April 1, 1954

Hon. A. W. Sempliner
2003 Dime Building
Detroit, Michigan

Re: Monroe Paper Products Co.
Voting Trust

Dear Art:

Enclosed is a draft of Prospectus prepared by this office, together with draft of proposed letter of transmittal. The two voting trust registrations suggested by the SEC as models (Pickering Lumber and Consolidated Laundries) were followed in drafting this Prospectus and letter of transmittal, as in the draft of portions of the registration statement itself which were sent to you earlier.

The other voting trustees and Mr. Francis are being furnished with copies also.

If you have any suggestions, we will appreciate having the same, after which a meeting of the trustees and all counsel ought to be held, in the near future, and final decisions made. Pending such a meeting I will not take up our draft with Mr. Rakow, but that should be done next, in order to minimize the risk of changes being required by the SEC after filing.

The procedure is as follows:

The executed Registration statement must be filed in Washington (three copies), attaching as exhibits the proposed Prospectus (five copies), copies of the Voting Trust Agreement and Voting Trust Certificates and proposed letter of transmittal. Once filed it is a matter of public record. Ordinarily a twenty day waiting period would follow before the effective date as of which the prospectus and letter could be mailed, assuming that the SEC finds the same in proper form and does not require amendments which start the twenty day period running again. We would attempt, however, to have the period accelerated.

With best personal regards,

Yours very truly,

W. Weipert

(Instructions to Depositary Re Stockholders' Demand)

Trial Ex. 370

September 21, 1954

Mr. J. D. Cook, President
The Monroe State Savings Bank

You have been requested by Mrs. Elsie Newbern, joint owner with Mrs. Violet Zeemer of stock in Monroe Paper Products Company, to return to her the stock certificate which she deposited with you under the Voting Trust Agreement of December 31st, 1953. You have asked us what action you should take.

Please be advised that in our opinion you, as our Depository, ought not to return the certificate. We request you to continue to hold it. We shall hold you harmless against any claim which the above-named party may make against you in consequence of your following our instructions.

Very truly yours,

BURTON S. KNAPP

CHARLES E. RANEY

G. A. BLUM

DON B. LEATHERS

A. W. SEMPLINER

(SEC Memo Re Weipert Call)

Trial Ex. 385

MEMORANDUM

March 25, 1954.

To: Files.

From: Edward H. Rakow, Attorney, Detroit.

Subject: Monroe Paper Products Company, CL-236.

Mr. William J. Weipert, of Monroe, Michigan, attorney for the stockholders' committee and the voting trustees, informed me by telephone yesterday that he and Circuit Court Commissioner Arthur W. Sempliner, one of the trustees, called at the Commission's principal office on March 17 and conferred with Messrs. Walter G. Holden, Charles H. Eisenhart, and Sydney H. Mendelsohn. They discussed the matter of rescinding the transactions whereby stockholders exchanged their shares for voting trust certificates although no registration statement was in effect with respect to such certificates. Mr. Weipert told me he plans to prepare and file a registration statement on Form F-1. At the suggestion of a member of the staff, Mr. Weipert said, he examined the file of the Pickering Lumber Company, which involved a rescission of the transactions effected in violation of the Securities Act and a re-offering pursuant to a registration statement.

I have made available to Mr. Weipert a copy of the prospectus used by the Consolidated Laundries Corporation.

(Letter to Depositary Re Escrow Deposit)

Trial Ex. 406-A

(LETTERHEAD HOLEFCA & ASSOCIATES)

HOLEFCA & ASSOCIATES
Consultants and Negotiators
Employee Benefit Plans

October 20, 1953

Mr. Boudinet
Monroe State Savings Bank
Monroe, Michigan

Dear Mr. Boudinet:

The writer would appreciate your issuing the 500 shares of stock purchased by my deposit of $5,000 to the escrow fund which stock shall be issued in four units of 125 shares each which I am giving to my children under the trusteeship of my wife, Mrs. Marion C. Holefca.

Would you please issue each of these four blo~~cks~~ of stocks in the name of my wife, Mrs. Marion C. Holefca, whose address is 1311 Devonshire, Grosse Pointe Park 30, Michigan.

In conversation with Mr. Raney last week, I was informed that depositors to the escrow fund could elect to have their entire deposit applied to the purchase of stock.

Thank you for your attention to this request.

Sincerely yours,

Dan S. Holefca

(Waterbury Demand for Return of Deposited Stock)

Trial Ex. 433

George E. Brand
Attorney and Counselor
3709 3723 Cadillac Tower
Detroit 26, Michigan

September 15, 1954

The Monroe State Savings Bank
Individually and as Depositary and Agent

Voting Trust Certificates
Monroe Paper Products Company, Common Stock

The Waterbury Corrugated Container Company hereby demands the surrender and delivery, to bearer Marvin R. Harris, of each and all of the certificates of common stock in Monroe Paper Products Company as to which the following so-called Voting Trust Certificates were issued by The Monroe State Savings Bank, Depositary and Agent for the Voting Trustees:

No. Certificate	No. Shares
365	100
366	100
367	100
368	50
306	500
283	140
300	56
327	375
75	234
241	728
119	94
165	175
9	500
373	169
37	1000
1	600
160	812
202	426 1/2

Trial Ex. 433

120	100
219	281
105	288
291	331
114	37
62	62
322	296
63	17
294	937
74	375
177	300
374	94
110	94
104	113
222	56
81	187
223	38
336	132
211	500
307	375
303	500
362	187
51	188
142	150
	11, 797 1/2

Each of the listed certificates is herewith tendered for surrender and delivery to you upon your compliance with this demand.

Waterbury Corrugated Container Co.

TRIAL EXHIBIT NO. 434A.

DEMAND FOR RETURN OF DEPOSITED STOCK

And Summary of other like demands 434B-ZZ-AA-II.

————————, 1954

Charles E. Raney,
Burton S. Knapp,
George A. Blum,
Don B. Leathers and
Arthur W. Sempliner,
Voting Trustees
c/o Monroe State Savings Bank, Depository.

Undersigned hereby demand return of Certificate No. ——— for 187 shares of common stock of Monroe Paper Products Company previously exchanged for your Voting Trust Certificate No. ———, which Certificate undersigned will, in exchange, return to you.

Jennie R. Armstrong

Summary

T. Exhibit	Date	Stock Cert.	No. Shares	V. T. Cert.	Name
434B	July 19, 1954		38	223	Cordelia Snyder Bailey
434C	June 1, 1954	2588	234	75	Gerald F. Bechberger
		2729			Norma Bechberger
434D	May 22, 1954	2732	196	283	Louis Blanke
		2952		300	Gerda H. Blanke
434E	July 6, 1954	673	94	374	Herbert C. Bodamer
					Charlotte Bodamer
434F	June 26, 1954	2457	169	373	Otto C. Bodamer
		2456			
434G	July 27, 1954	2416	375	307	Ruth R. Berry, Administratrix of the Estate of Rose L. Chapman, a/k/a Rosanie L. Chapman, dec'd.
434H	July 1, 1954	2653	500	9	L. F. Cousino
					Anna A. Cousino
434I	May 28, 1954	1595	375	327	Bernard J. Duvall

(Stockholder Demands For Return of Deposited Stock)

Trial Exhibit No. 434A

T. Exhibit	Date	Stock Cert.	No. Shares	V. T. Cert.	Name
434J	May 29, 1954	2787	728	241	The First National Bank of Monroe, Trustee Edward G. J. Lauer, Estate F. B. O. Bertha Berg By Warren J. Bleyaert, Vice President & Trust Officer
434K	August 24, 1954	303	500		Fishman Waste Paper Co. Ellin Fishman (Pres.)
434L	July 14, 1954		17	63	Edna Gilday
434M	July 14, 1954		62	62	Selma Gilday
434N	July 8, 1954		94	110	Mrs. Loretta Guire
434O	June 23, 1954	2779 2780	812	160	Mrs. Luetta Hochradel
434P	July 8, 1954		300	177	Urban I. Hoffman Cecelia Hoffman
434Q	June 11, 1954	1695 2429	288	105	Walter L. Hoffman Mary T. Hoffman
434R	July 8, 1954		113	104	Mrs. Gertrude Ihrig
434S	July 22, 1954		426½	202	L. Marguerite Lauer
434T	July 14, 1954		500		Mrs. Emma Lamale
434U	July 14, 1954		296	322	Grace A. McCormick
434V	July 10, 1954		937	294	Miles J. Moyer
434W	June 10, 1954	1815	37	114	Elmer J. Oerther
434X	June 17, 1954		600	1	Herman Reber
434Y	July 15, 1954		56	222	Lena Schneider
434Z	August 26, 1954		150	142	Anna E. Siffer
434AA	June 23, 1954	2046 2908	1000	37	Bertha F. Smith
434BB	July 28, 1954	964	500	211	May K. Smith Anna F. Smith
434CC	July 10, 1954		375	74	Fred Sneider Matilda Sneider
434DD	June 28, 1954		94	119	Harry J. Steiner Catherine I. Steiner
434EE	June 16, 1954	402 403 405 406 407	331	291	Louis A. Telpizoff
434FF	July 14, 1954		187	81	Albert J. Uckley Emma Uckley
434GG	August 17, 1954		188	51	Edith M. Vivian
434HH	June 24, 1954		175	165	Bessie Wittman Bernice Iott
434II	July 10, 1954		132	336	Lenora Worthen

Trial Ex. 434-JJ

Monroe, Michigan
March 25, 1954

Monroe State Savings Bank, Agent
and Depository for Monroe Paper
Products Company
and
Monroe Paper Products Company
Monroe, Michigan

Gentlemen:

It is my desire to withdraw from the Trust and I hereby request that you return to me my certificate for stock in the amount of 350 shares. I will expect this to be done very promptly. If I do not have my certificate within one week from the date of this letter, I will construe your non-action as a refusal to return my certificate.

I herewith tender back to you my voting trust certificate No. 309 which you may have on return to me of my stock certificate of shares.

Very truly yours,

Mrs. Sarah C. Heller

(Letter to Depositary from Stockholder Mikowetz)

Trial Ex. 436-A

Grant, Fla.

April 8th, 1954

Monroe State Savings Bank
Monroe, Michigan

Dear Sirs:

I do not feel like signing the paper you sent me until I know more about what it means.

My legal advisor said I would be giving up all rights to stock and have nothing for it.

I might sell to the part controlled by Mr. Knapp if I know how much he will pay, but I do not want to give it up for nothing.

Very truly,

Mrs. Edna Mikowetz

(Letter from Depositary to Stockholder Mikowetz)

Trial Ex. 436-B

March 26, 1954

Mrs. Edna Mikowetz
Grant, Florida

Dear Madam:

Re: Monroe Paper Products Company

We are enclosing herewith stock power which we ask that you sign in the presence of two witnesses where indicated by the red marks.

Please return the same to us in the enclosed self-addressed envelope.

Yours very truly,

Leo Boudinet

Trust Officer

Trial Ex. 437-B

Detroit, Mich.
April 16, 1954

Mr. Russell Reiser,
Monroe State Saving Bank,
Monroe, Mich.

Dear Sir:

After reading the enclosed, I am not signing it. Please return my original certificate to me. Thank you.

Sincerely,

JANETTE STILL

TRIAL EXHIBITS NOS. 445-482

VOTING TRUST CERTIFICATES, DEMANDS AND ASSIGNMENTS RE SHARES PURCHASED BY WATERBURY

(Forms of Demand and Assignment are printed by appellants as Deposition Exhibits, 129 and 130 pages 2614-2624 ante).

Trial Exhibit No.	Identity	Stockholder	Assignment Date
445	VTC #362; 187 Shares	Jennie R. Armstrong	August 18, 1954
445-A	Assignment	"	
445-B	Demand	"	
446	VTC #223; 38 Shares	Cordelia Snyder Bailey	
446-A	Demand	"	July 19, 1954
446-B	Assignment	"	July 19, 1954
447	VTC #75; 234 Shares	Gerald F. and Norma Bechberger	June 1, 1954
447-A	Assignment	Gerald F. and Norma Bechberger	June 1, 1954
448	VTC #283; 140 Shares	Louis and Gerda H. Blanke	May 20, 1954
448-A	VTC #300; 56 Shares	Louis Blanke and Gerda Blanke	May 20, 1954
448-B	Assignment	Louis Blanke and Gerda H. Blanke	May 22, 1954
449	VTC #374; 94 Shares	Herbert C. Bodamer and Charlotte Bodamer	July 1, 1954
449-A	Demand	Herbert C. Bodamer and Charlotte Bodamer	July 6, 1954
449-B	Assignment	Herbert C. Bodamer and Charlotte Bodamer	July 6, 1954
450	VTC #373; 169 Shares	Otto C. Bodamer	June 23, 1954
450-A	Demand	"	June 26, 1954
450-B	Assignment	"	June 26, 1954

(Voting Trust Certificates, Demands and Assignments Re Shares Purchased by Waterbury)

Trial Exhibits Nos. 445-482

Trial No.	Exhibit Identity	Stockholder	Assignment Date
451	VTC #307; 375 Shares	Rose L. Chapman	July 27, 1954
451-A	Assignment	Ruth R. Berry, Administratrix of the estate of Rose L. Chapman, a/k/a Rosania L. Chapman, Deceased	July 27, 1954
451-B	Demand	Ruth R. Berry, Administratrix of the estate of Rose L. Chapman, a/k/a Rosania L. Chapman, Deceased	July 27, 1954
452	VTC #9; 500 Shares	L. F. Cousino and Anna A. Cousino	July 1, 1954
452-A	Assignment	L. F. Cousino and Anna A. Cousino	July 1, 1954
452-b	Demand	L. F. Cousino and Anna A. Cousino	July 1, 1954
453	VTC #327; 375 Shares	Bernard J. Duvall	May 26, 1954
453-A	Assignment	"	May 26, 1954
454	VTC #241; 728 Shares	The First National Bank of Monroe, Monroe, Michigan, Trustee of the Estate of Edward G. J. Laurer, deceased	May 29, 1954
454-A	Assignment	The First National Bank of Monroe, Monroe, Michigan, Trustee of the Estate of Edward G. J. Laurer, deceased	May 29, 1954
455	VTC #303; 500 Shares	Fishman Waste Paper Company	
455-A	Demand	Fishman Waste Paper Company	
455-B	Assignment	Fishman Waste Paper Company	
456	VTC #63; 17 Shares	Edna Gilday	July 14, 1954
456-A	Demand	"	July 14, 1954
456-B	Assignment	"	July 14, 1954

(Voting Trust Certificates, Demands and Assignments Re Shares Purchased by Waterbury)

Trial Exhibits Nos. 445-482

Trial Exhibit No.	Identity	Stockholder	Assignment Date
457	VTC #62; 62 Shares	Selma Gilday	July 14, 1954
457-A	Demand	"	July 14, 1954
457-B	Assignment	"	July 14, 1954
458	VTC #110; 94 Shares	Mrs. Loretta Guire	July 8, 1954
458-A	Assignment	"	July 8, 1954
458-B	Demand	"	July 8, 1954
459	VTC #160; 812 Shares	Luetta Hochradel	June 24, 1954
459-A	Demand	"	June 23, 1954
459-B	Assignment	"	June 23, 1954
460	VTC #177; 300 Shares	Urban I. Hoffman & Cecelia Hoffman	July 8, 1954
460-A	Assignment	Urban I. Hoffman & Cecelia Hoffman	July 8, 1954
460-B	Demand	Urban I. Hoffman & Cecelia Hoffman	July 8, 1954
461	VTC #105; 288 Shares	Walter L. Hoffman & Mary T. H. Hoffman	June 11, 1954
461-A	Assignment	Walter L. Hoffman & Mary T. H. Hoffman	June 11, 1954
461-B	Demand	Walter L. Hoffman & Mary T. H. Hoffman	June 11, 1954
462	VTC #104; 113 Shares	Mrs. Gertrude Ihrig	July 8, 1954
462-A	Demand	"	July 8, 1954
462-B	Assignment	"	July 8, 1954
463	VTC #202; 426½ Shares	L. Marguerite Lauer	June 22, 1954
463-A	Demand	"	June 22, 1954
463-B	Assignment	"	June 22, 1954
464	VTC #306; 500 Shares	Emma Lamale	
464-A	Demand	"	
464-B	Assignment	"	August 13, 1954
464-C	Assignment	"	May 4, 1954
465	VTC #333; 296 Shares	Grace A. McCormick	July 14, 1954
465-A	Demand	"	July 14, 1954
465-B	Assignment	"	July 14, 1954
466	VTC #294; 937 Shares	Miles J. Moyer	July 10, 1954
466-A	Demand	"	July 10, 1954
466-B	Assignment	"	July 10, 1954

(Voting Trust Certificates, Demands and Assignments Re Shares Purchased by Waterbury)

Trial Exhibits Nos. 445-482

Trial No.	Exhibit Identity	Stockholder	Assignment Date
467	VTC #114; 37 Shares	Elmer J. Oerther	June 10, 1954
467-A	Assignment	"	June 10, 1954
467-B	Demand	"	June 10, 1954
468	VTC #1; 600 Shares	Herman Reber	June 17, 1954
468-A	Demand	"	June 17, 1954
468-B	Assignment	"	June 17, 1954
469	VTC #222; 56 Shares	Lena Schneider	July 15, 1954
469-A	Demand	"	July 15, 1954
469-B	Assignment	"	July 15, 1954
470	VTC #142; 150 Shares	Anna E. Siffer	August 26, 1954
470-A	Demand	"	August 26, 1954
470-B	Assignment	"	August 26, 1954
471	VTC #37; 1000 Shares	Bertha F. Smith	June 23, 1954
471-A	Demand	"	June 23, 1954
471-B	Assignment	"	June 23, 1954
472	VTC #211; 500 Shares	Mary K. Smith & Anna F. Smith	July 28, 1954
472-A	Demand	Mary K. Smith & Anna F. Smith	July 28, 1954
472-B	Assignment	Mary K. Smith & Anna F. Smith	July 28, 1954
473	VTC #74; 375 Shares	Fred Sneider and Matilda Sneider	July 10, 1954
473-A	Assignment	Fred Sneider and Matilda Sneider	July 10, 1954
473-B	Demand	Fred Sneider and Matilda Sneider	July 10, 1954
474	VTC #119; 94 Shares	Harry J. Steiner and Catherine I. Steiner	June 28, 1954
474-A	Demand	Harry J. Steiner and Catherine I. Steiner	June 28, 1954
474-B	Assignment	Harry J. Steiner and Catherine I. Steiner	June 28, 1954
475	VTC #291; 331 Shares	Louis A. Telbizoff	
475-A	Demand	"	June 16, 1954
475-B	Assignment	"	June 16, 1954

(Voting Trust Certificates, Demands and Assignments Re Shares Purchased by Waterbury)

Trial Exhibits Nos. 445-482

Trial No.	Exhibit Identity	Stockholder	Assignment Date
476	VTC #81; 187 Shares	Albert J. Uckley and Emma Uckley	July 14, 1954
476-A	Assignment	Albert J. Uckley and Emma Uckley	July 14, 1954
476-B	Demand	Albert J. Uckley and Emma Uckley	July 14, 1954
477	VTC #51; 188 Shares	Edith M. Vivian	August 17, 1954
477-A	Assignment	"	August 17, 1954
477-B	Demand	"	August 17, 1954
478	VTC #165; 175 Shares	Bessie Wittman or Bernice Iott	June 24, 1954
478-A	Demand	Bessie Wittman or Bernice Iott	June 24, 1954
478-B	Assignment	Bessie Wittman or Bernice Iott	June 24, 1954
479	VTC #336; 132 Shares	Lenora Worthen	July 10, 1954
479-A	Assignment	"	July 10, 1954
479-B	Demand	"	July 10, 1954
480	VTC #365; 100 Shares	Bache & Co.	April 20, 1954
480-A	VTC #366; 100 Shares	"	April 20, 1954
480-B	VTC #367; 100 Shares	"	April 20, 1954
480-C	VTC #368; 50 Shares	"	April 20, 1954
480-D	Assignment	Mrs. Sarah C. Heller	
480-E	Demand	"	March 30, 1954
481	VTC #219; 281 Shares	Russell Reiser	June 5, 1954
481-A	Demand	"	June 5, 1954
481-B	Assignment	"	June 5, 1954
482	VTC #120; 100 Shares	Edgar Beyer and Pauline Beyer	June 10, 1954
482-A	Demand	Edgar Beyer and Pauline Beyer	June 10, 1954
482-B	Assignment	Edgar Beyer and Pauline Beyer	June 10, 1954

(Assignment Re Stock Purchased by Waterbury)

Trial Ex. 483

STEIGLITZ & CO. of New York, N. Y., the assignee under prior assignments of the rights of its assignors to obtain return of those shares of stock in MONROE PAPER PRODUCTS COMPANY, a Michigan corporation, covered by the Voting Trust Certificates hereinafter listed, from Monroe State Savings Bank, Monroe, Michigan, Depository under Voting Trustee Agreement dated as of December 31, 1953, as to stock in said company and from the Voting Trustees under said Agreement, for the return of which stock it understands written demands had theretofore been made by its assignors, and of the rights and causes of action of its assignors connected with said stock and demands for the return thereof, hereby assigns to WATERBURY CORRUGATED CONTAINER CO., of Waterbury, Connecticut, effective as of the dates hereinafter listed, all of such rights and causes of action.

Date	VTC	No. of Shs. Covered	Date	VTC. No.	No. of Shs. Covered
6/28/54	119	94	7/ 9/54	294	937
6/25/54	165	175	7/ 9/54	74	375
6/28/54	9	500	7/ 8/54	177	300
6/24/54	373	169	7/ 2/54	374	94
6/24/54	37	1000	7/ 9/54	110	94
6/18/54	1	600	7/12/54	104	113
6/22/54	160	812	7/22/54	222	56
6/22/54	202	426 1/2	7/14/54	81	187
6/ 8/54	120	100	7/20/54	223	38
6/ 7/54	219	281	7/14/54	336	132
6/14/54	105	288	7/27/54	211	500
6/10/54	291	331	7/22/54	307	375
6/ 7/54	114	37	8/18/54	303	500
7/12/54	62	62	8/18/54	362	187
7/12/54	322	296	8/18/54	51	188
7/12/54	63	17	8/25/54	142	150

STIEGLITZ & CO.

By M. H. Stieglitz

DATED:

September 10, 1954
E. W. Kelley, Witness.

(Assignment Re Stock Purchased by Waterbury)

Trial Ex. 484

STIEGLITZ & CO. of New York, N. Y., the assignee under prior assignments of the rights to its assignors to obtain return of those shares of stock in MONROE PAPER PRODUCTS COMPANY, a Michigan corporation, covered by the Voting Trust Certificates hereinafter listed, from Monroe State Savings Bank, Monroe, Michigan, Depository under Voting Trustee Agreement dated as of December 31, 1953, as to stock in said company and from the Voting Trustees under said Agreement, for the return of which stock it understands written demands had theretofore been made by its assignors, and of the rights and causes of action of its assignors connected with said stock and demands for the return thereof, hereby assigns to WATERBURY CORRUGATED CONTAINER CO., of Waterbury, Connecticut, effective as of the dates hereinafter listed, all of such rights and causes of action.

Date	Voting Trust Certificates	No. of Shares Covered
Apr. 7, 1954	365/8 inclusive	350
Apr. 29, 1954	306	500
May 20, 1954	283 and 300	196
May 25, 1954	327	375
May 27, 1954	75	234
June 1, 1954	241	728

STIEGLITZ & CO.

By M. H. Stieglitz

DATED:

June 11, 1954

John Sword, Witness.

APPROVED FINDINGS OF FACTS

* * *

(Re Minutes As To Stock Purchases.)

5. The following occurred at company meetings:

(Directors' Meeting, December 5, 1941).

The Manager reported * * * that under the general policy approved by the Board of Directors, that the company had purchased 5,486 shares of the company's common stock, ranging in price from $2.25 to $3.00. It was unanimously resolved that the General Manager of the company be authorized to purchase stock of the company in an amount sufficient to reduce the total outstanding stock to an even 200,000 shares and to confirm and approve purchases of the company's stock made to date by the officers.

(Stockholders' Meeting, September 10, 1946).

Stockholder Rath asked the reason for the reduction of outstanding capital stock to 200,000 shares. The chairman replied that the Directors felt that in reducing this outstanding stock to an even 200,000 shares which was purchased in small lots as offered to the public at the price of 1-1/2 to 2-1/2, this increased the equity of the remaining stockholders. This stock was purchased as treasury stock and no dividends paid on same.

(Directors' Meeting, September 26, 1951).

On motion of Mr. Knapp, supported by Mr. Grant, the purchase of 9,864 shares of company stock was unanimously approved, the total cost being $51,564.76, or an average of $5.227 a share. This stock has been transferred to treasury stock, which reduces the total number of outstanding shares to 190,136.

(Directors' Meeting, November 6, 1951).

It was unanimously resolved that Mr. Raney be authorized to purchase an additional 136 shares of stock of the Company in order to reduce the total number of outstanding shares to 190,000.

(Approved T. 677, 1015)

* * *

(Re Escrow.)

21. Raney, Blum and Leathers evidenced concern as to the possibility that stockholders might nevertheless desire to sell their stock and that a sale of stock by those who had given proxies to the Raney group would revoke the proxies so given. Raney, Blum and Leathers desired to establish some means of buying the stock of such stockholders who desired to sell their stock and to that end Raney consulted with attorney Weipert early in September, 1953 and it was decided that a fund should be made available to take up such stock. This took the form of an escrow agreement, dated September 8, 1953, drafted by attorney Weipert, between three employees of the company (Hilda Zeller of the bookkeeping department, John F. Gutmann, a clerk in the billing department, and Bernard F. Kirby a stockholder, superintendent of paper manufacture and a company buyer of waste paper supplies) as so-called depositors of funds and Monroe State Savings Bank as escrow agent. In substance, the agreement provided that with funds deposited thereunder by Zeller, Gutmann and Kirby the bank would purchase stock in the company at $10 per share. The bank for many years had been, and it still was, that in which the company continuously had on cash noninterest bearing deposit an average of $300,000. (Approved, T. 1025)

* * *

(Re Escrow Depositors.)

28. During September, October and November, 1953, $167,410 was received by the bank under the aforesaid escrow agreement and the bank purchased 15,538 shares of stock in the company at $10 per share

in the name of the nominees. The persons who furnished the bulk of the moneys so deposited with the bank were defendants Raney $16,000, Blum $5,000, Leathers $15,000, Huber $4,000; company employees Kirby $9,000, Bennett $1,000, Gutmann $1,500, Russel Knapp $1,000 (no close relative of defendant Knapp), Mainzinger $1,000, Robertson $1,000, Zeller $1,000, Beaubien $1,000; company waste paper suppliers Sandroff $25,000, Rosen $5,000, Monroe Scrap Material Co. $5,000, Marvin Co. $1,000, Fishman Waste Paper Co. $5,000; other company suppliers or their representatives, Putney $10,000. Cronin and Northmore $2,500, Ogleby Norton & Co. $2,500, R. J. Brennan (Raney's son-in-law and representative of Putney) $1,700; others having business contacts with Monroe Company -- Gratton Construction Co. $5,000, Mark $1,000, Murphy (insurance) $2,500, Holefca (pension plan consultant) $5,000, Kiehborth, Trustee $10,000, and customers, sales brokers and sales commissionmen -- Korneffel $10,000, E. W. Marvin $5,000, Mayer $1,000, McCormick $3,000, Sales Products Co. $2,000, Smythe $1,000, and Vogeli $2,000. (Approved, T. 1026)

* * *

(Re Officers and Employees Escrow and Proxy Activity.)

30. Defendants Raney and Blum, and several of the company employees were extensively active in the escrow and proxy campaigns. (Approved, T. 1026)

* * *

(Re Distribution of Escrow Stock.)

33a. On or before October 16, 1953, the certificates for the 15,538 shares of stock in the company so purchased were delivered to Marion F. Guettler, the employee of the company which handled stock transfers. On October 28, 1953, allocation of these shares among those who had contributed to the escrow funds was commenced. Each contributor was allotted one share of stock of each $10 contributed, except as to the allotment to Sandroff. On November 17 and 18, 1953, defendants Huber and Raney contributed $5,000 to the escrow, and on November 18, 1953, they were allotted, respectively, 400 and 100 shares therefor. On November 18, 1953, 1,297 shares were allotted to Sandroff and $12,030 of the $25,000 contributed was remitted to Rockton Paperboard Company of Chicago, Illinois. Stock so allotted was issued to said contributors on or prior to November 18, 1953. (Approved, T. 719, 1028)

(Re Drafting of Deposition Exhibit 36.)

34. In November Mr. Weipert made a draft of a contract and stock option agreement which is Exhibit 36. Mr. Weipert at that time thought a voting trust agreement would be difficult to work out. (Approved, T. 720, 1030)

* * *

(Re Voting Trust Solicitation and Deposits.)

40. A campaign to procure signatures of stockholders to the voting trust agreement and the deposit of stock thereunder was conducted in manner and by means more particularly hereinafter described. Plaintiffs consulted counsel and, on February 2, 1954, commenced their actions

herein. By February 1, 1954 certificates of stock for approximately 37,000 shares had been delivered to the depositary for deposit under the voting trust agreement, and by March 2, 1954 the number of deposited shares was increased to approximately 72,000 shares. Additional deposits were thereafter made and between March 9th and April 26th, 1954 the depositary issued 69 additional voting trust certificates for more than 23,000 shares. None of the deposited stock has been transferred on the books of the company as of April 22, 1954. On that date the court issued a temporary restraining order until April 26, 1954. Thereafter by agreement of counsel no stock was transferred up to date. (Approved, T. 722, 1031)

(Re Non-Registration of Voting Trust And Use of Mails.)

42. The voting trust certificates issued and to be issued under the voting trust agreement were not registered with the Securities and Exchange Commission under Securities Act of 1933 [15 USC § 77e(a)(1)(2)] or otherwise. The voting trustee and the depositary and agent under the voting trust agreement repeatedly used and caused to be used means and instruments of transportation and communication in interstate commerce and the mails to carry and transmit the Huber letter dated December 31, 1953 and subsequent and other related correspondence and telegrams, and carried and caused to be carried, through the mails and in interstate commerce numerous certificates of stock deposited, and the voting trust certificates issued, under the voting trust agreement. (Approved, T. 723, 1032)

* * *

(Re Officers And Employees Voting Trust Activity.)

44a. Defendant directors and officers managed the affairs of the Monroe Company. They, excluding Sempliner, participated with and guided the activities of company employees, many of whom are stockholders, in connection with the campaign against the National offer, and the establishment of the escrow fund; likewise, in the procurement of proxies to Knapp, Raney, Blum and Leathers for the September, 1953, stockholders' meeting. Defendant directors and officers, including Sempliner, participated in the formation of the voting trust agreement. (Approved, T. 906, 1022)

* * *

(Re Omission of Escrow Purchasers From
Deposition Exhibit 22.)

47. The list of stockholders who, allegedly had already signed the voting trust agreement contains the names of more than half of those who had purchased stock under the escrow arrangement, but, among others, did not include suppliers Sandroff, Rosen, Fishman or Putney who had purchased 3797 shares. All but 263 of the 15,538 shares purchased under the escrow arrangement were ultimately deposited under the voting trust agreement. (Approved, T. 726, 881).

(Re Use of Mails, Telephone And Telegraph
In Voting Trust Solicitation.)

47b. At least 3 mailings were made to substantially all of the stockholders. (Approved, T. 728)

In such solicitation long distance calls charged to and paid by the company were made. (Approved, T. 728)

In numerous other instances numerous long distance and local calls were made over the company's telephone and billed to the company and the company was not relieved therefrom until after plaintiffs' action herein was commenced. (Approved, T. 728)

The company's employees handled and serviced such long distance and local calls. (Approved, T. 728)

In such solicitation a large number of telegrams were sent from and received at the company's office, prepared by the company's officers and employees and charged to the company's account, from which they were not removed until after plaintiffs' action was commenced. (Approved, T. 728)

(Re Voting Trust Solicitations By Officers And Employees.)

47c. The stockholders' committee, whose membership included the defendant officers and some of the directors, divided the company's list of stockholders among themselves and employees of the company and directed personal contact with the stockholders so allotted to solicit deposit of their stock under the voting trust agreement. (Approved, T. 728, 1034)

Company employee and stockholder Bernard F. Kirby contacted approximately 100 of said stockholders. Defendant Blum contacted approximately 75. Commission salesman George McMahon contacted approximately 25. Employee John Gutmann contacted approximately 25-30. Employee, stockholder and officer Gene L. Bennett contacted approximately 20-25. Employee, commission salesman and stockholder Roger O. Case contacted approximately 20-25. (Approved, T. 728, 1034)

Blum, Kirby and Bennett were full-time salaried employees of defendant company. (Approved, T. 728, 1034)

Said employees received no monetary compensation for their said services. They were paid their regular salaries or commissions from the company. (Approved, T. 729, 1035)

Company officers and employees who had previously contacted stockholders on a different occasion in September, 1953 on behalf of, and to secure proxies for Knapp, Raney, Blum and Leathers respectively solicited the same stockholders to deposit their stock under the voting trust agreements. (Approved, T. 730, 1035)

- - -

LEO BOUDINET, sworn

CROSS EXAMINATION

BY MR. BRAND:

* * *

[538] Q . . . . Have you added up - I will get to that in a minute - have you added up the total number of shares that certificates of Voting Trust Certificates have been issued to date?

A Yes, sir, here they are (indicating).

[539] Q Tell me what the total number of shares represented by Certificates actually issued.

A By Voting Trust Certificates is 72,167 7/8.

Q What percentage of the outstanding stock is that?

A I don't know without figuring it.

Q Well, will you figure it? You are certifying to certain things, and let's see how close we get to them.

(Short intermission).

A Carrying it out to two places, 38.66%

Q And you are figuring 72.167 7/8 shares?

A Against outstanding of 186,668 1/2.

* * *

[541] A I would say that would be the difference between the 97,041 7/8 and the 72,167 7/8; it would be 24,874 shares, would be represented.

Q As not yet deposited?

A That is correct.

Q Although you claim that they have signed something that obligates them to do it?

A That is right.

* * *

[543] A These stockholders have signed an agreement or a card, but have not as yet brought in their stock to be exchanged for Voting Trust Certificates:

* * *

[545]	Edward W. Marvin and/or Ruth H. Marvin	500 shares
	* * *	
	Joseph A. Moynihan, Jr.	50 shares
	* * *	
[546]	Arthur W. Sempliner	300 shares
	Ida M. Sempliner	7203 shares
	* * *	
	Victor Weipert	95 shares
	William Weipert, Jr.	95 shares

* * *

[Cross by Mr. Brand, Jr. - March 9, 1954]

[656] Q As a matter of fact didn't you offer to find a purchaser for their stock if they did not want to come in? [to the voting trust]

A No - on one occasion I did.

Q Who was that?

A I offered to find a purchaser for Mrs. Diroff, an elderly lady eighty-eight years of age. I advised her to dispose of it at her age and in her physical condition.

[657] Q And who did you find as a purchaser?

A Mr. Raney.

* * *

[658] Q How did you arrive at $9.50 as a price?

A I didn't know what the current market price of the stock was, that it sold in September as high as 10, it had sold during the year at considerably less than 10. I understood there were sales at 9-1/2, or had been a sale at 9-1/2.

Q Since the sales at 10?

A That is right.

* * *

[662] Q Well, then, your correspondence file should contain substantially all of the correspondence on the signing up of the Voting Trust?

A That is right.

Q Have you seen the company's file on it?

A No, I have not.

Q Well, now, this file of yours is quite a thick one, consisting very largely of the thin copy sheets such as we have been examining; and how many letters would you say it contained?

[663] A Oh, I would say probably a hundred.

Q You haven't counted them?

A No, I haven't.

Q I made a rough check the other day and I got 116, so I think you are substantially correct.

* * *

[679] Q Well, now, at the time you received that [Deposition Exhibit 22] you hadn't issued any Voting Trust Certificates, had you?

A No; I would think that we hadn't. I would be inclined to believe that I received this before we issued the first Voting Trust Certificate.

Q Well, now, at the time you received that you didn't have the signatures of those people on the Trust Agreements, did you, the Exhibit 14 series?

A No.

Q As a matter of fact, you haven't got most of them now?

A No.

Q And at the time you received it you didn't have duplicates of the Voting Trust signed by each one of those people, did you?

A No.

Q And at the time you received it you didn't have signature cards signed by them, did you?

A No.

Q Well, now, that says:

> "STOCKHOLDERS WHO HAVE SIGNED THE TRUST AGREEMENT, PREVIOUS TO THE TIME OF STARTING THE AGREEMENT SIGN-UP CAMPAIGN."

What did you understand to be meant by:

[680] "THE TIME OF STARTING THE AGREEMENT SIGN-UP CAMPAIGN"?

A I would take it to mean after the time that these letters of Mr. Huber had been out.

Q That would be January 3?

A The 3rd, that is right.

Q Along there. That would be the starting date of the sign-up campaign. And, where it says:

> "STOCKHOLDERS WHO HAVE SIGNED THE TRUST AGREEMENT, PREVIOUS - "

to that date; they hadn't signed as far as you knew, had they?

A No.

Q Now, as a matter of fact have all those people signed?

A I think they all have signed with the exception of this one here (indicating); I wouldn't be able to tell you about Robertson, I don't recollect, this particular party here (indicating).

Q Your impression is that the rest of them have all signed up?

A That is right.

Q Take Mr. Arthur M. Sempliner, when did he sign?

A I couldn't tell you the exact date. I would say it would have been early in January.

Q Now, I am speaking of signing as a stockholder.

[681] A Oh, I see. Well, I couldn't tell you the date because the cards are not dated, but I know it would be by February 1.

Q Well, it is not your impression that he was one of the first ones?

A No, he wasn't one of the first ones.

Q As a matter of fact he was quite late, was he not?

A Yes.

Q Well, he certainly hadn't signed up by the time you received a copy of this printed list?

A No.

Q What about Ida M. Sempliner?

A She signed very late also.

* * *

[691] Q I see. Well, now, on the 26th [of January, 1954] did you have a majority of the stock subjected to the Agreement, as you understood it; by that I am including the signature cards.

A No.

Q No, you were short?

A That is right.

Q And by the 30th you had it?

A Yes, when the Sempliner stock came in there was sufficient - not the Sempliner stock, the Sempliner signature cards.

* * *

[694] Q Mr. Boudinet, who handled the mailing on your letter of February 1?

A Mr. Weipert's office.

Q Did you do any of it?

A No.

Q Then you don't know to whom it went?

A No.

Q Now, as a matter of fact haven't you got an affidavit in your file as to part of that mailing?

A As to one stockholder.

Q Then you did that part of it?

A That is right.

* * *

[695] Q And that was to Bender & Company?

A Bender & Company.

Q How did you happen to mail that one?

A I was asked specifically to mail that one by registered mail.

Q Who asked you?

A Oh, I think that some one of the Voting Trustees asked me.

Q Do you recall who?

A I don't recall whether it was Mr. Knapp or Mr. Raney, Mr. Blum - one of them.

* * *

WILLIAM J. WEIPERT, sworn.

CROSS EXAMINATION

BY MR. BRAND, JR.:

* * *

[1129] Q To how many people were the Huber letter mailed?

A I believe it was mailed to substantially all the stockholders. I remember discussing with Miss Guettler whether we should mail it to Mr. Feinberg and the Eastern group. We had no purpose certainly to exclude them from the Voting Trust. However, we thought we had better mail it to people that we had greater reason to believe would be interested in coming in it first to see what the reaction was.

At a later date they were invited by a letter to deposit.

* * *

Q Well, now, who was excluded from that mailing?

A I have no way of knowing. My instructions were that it was to go to all stockholders, but that those few that I have mentioned we could take care of later; perhaps it would not be necessary to mail them on the first day. I believe that probably almost all stockholders, except five or [1130] six, received mailings; that was my understanding of how it was to be, at any rate.

Q That five or six, that would be Bender & Company, they would be one of them?

A Yes.

Q And Kinsey the second?

A Yes.

Q Of course Waterbury wasn't sent anything?

A No.

Q And Krave?

A I believe that is so.

Q And Feinberg?

A Yes. Those were the ones I had reference to.

Q Well, now, as a matter of fact was anyone else excluded?

A Not to my knowledge, not intentionally so, at any rate.

* * *

[1133] Q The mailing went out to stockholders in states other than Michigan, did it not?

A Yes.

Q As a matter of fact, it went out to all stockholders except the five, wherever they may have been, isn't that right?

[1134] A I think so.

Q When was the mailing made, when, if ever, was the mailing made to Mr. Feinberg of the Huber letter?

A There was a mailing made on my instructions on February 1 to all stockholders, including the men you mentioned.

Q That was the Boudinet letter stating that the Trust was in effect?

A Yes, and also stating that further subscriptions could be made for a short period.

* * *

- - -

BURTON S. KNAPP, sworn.

CROSS EXAMINATION

BY MR. BRAND, JR.:

* * *

[1357] Q When did you sign this exhibit? [Deposition Exhibit 28]

A Oh, let's see, December 15, I think I signed on that evening; this is drafted for the purpose of asking the people who are present as to [1358] whether they would be willing to join in a group as large stockholders declaring that they would join in a group not to sell to the disadvantage of the small and also the small stockholders wouldn't join the group and sell out to somebody who would work to the disadvantage of the large stockholders -- in other words, when I signed this I practically agreed that I would sign any kind of an agreement regardless of what it was if and when it would accomplish those purposes.

Q Now, you did not have a draft of a Voting Trust Agreement then?

A No, no; the Voting Trust Agreement was never even considered at the time I signed that.

Q Was the date in typing on it when you signed it?

A As to that I cannot recall. The heading here -- no, this says "The following stockholders have signed."

Q I know; my question was did that get on afterwards?

A I cannot say, but I was of the opinion that they stated that we agreed to sign an agreement.

That is my impression of it, because at that time when I signed that there wasn't any Voting Agreement in existence.

* * *

[1361] Q Well, if that is the situation when Exhibit 28 was signed, isn't it likely that this typed notation saying, "The following stockholders have signed the Trust Agreement," was put on later?

A I cannot account for that. My memory is that when I signed that I was of the opinion that we were going to have some kind of an agreement in regard to what it was I would sign it, and I am pretty certain that [1362] the heading might perhaps have been written on there; I wouldn't say for certain, stating "Sign an agreement," instead of the words "Have signed". That is what I remember, because I know darned well that when I signed that there wasn't any Trust Agreement in existence.

* * *

- - -

DON B. LEATHERS, sworn.

CROSS EXAMINATION (May 4, 1954)

BY MR. BRAND:

* * *

[1734] Q (By Mr. Brand) Witness, we haven't been able to locate the exhibit; that is, Mr. Francis hasn't. Do you recall signing a paper, preliminary agreement, to enter into a voting trust agreement?

A I think so, yes, sir.

Q Did it have typewriting on it or something other than signatures?

A Yes. I don't think I would be signing it otherwise, a blank paper.

Q The purport of it was that the following people agreed to enter into the voting trust?

A If I remember it, the following people agreed to enter into an agreement to protect the smaller stockholders as well as the large stockholders.

* * *

- - -

CHARLES E. RANEY, sworn.

CROSS EXAMINATION (May 6, 1954)

BY MR. BRAND, JR.:

* * *

Q Incidentally, did Huber talk to him [Stoetzer of Clark, Klein, Brucker & Waples] with you or just you and Mr. Knapp?

A No, just Mr. Knapp and me.

* * *

- - -

GEORGE A. BLUM, sworn.

CROSS EXAMINATION (May 11, 1954)

BY MR. BRAND, JR.:

* * *

[2112] Q When did the provision that the voting trustees might form a syndicate to buy the stock come up?

A Pardon?

Q Let me read it. Suppose I let you read it and it won't take up the record here.

MR. FRANCIS: What paragraph is that in?

MR. BRAND, JR.: Twelve.

A I don't believe a great deal of consideration was given to that part of it. As far as I am concerned, I would not have thought that was justifiable.

Q (By Mr. Brand, Jr.) Did it ever come up for discussion at a meeting that you recall?

A I don't recall. If it would have, I would have learned more about it.

Q You say that because it doesn't strike you as something you approved of?

A I would not really believe I would have approved of it.

* * *

[2116] Q Let me ask: Now, how were the stockholders to be contacted? You say it came up at a meeting. What happened?

A In this trust?

[2117] Q In connection with the voting trust.

A Well, I think that people -- for instance, like myself, I had contacted certain people in the proxy campaign, and having had those contacts, I assumed that I could contact other people successfully; that is, to get them to sign an agreement.

MR. FRANCIS: I suggest a five-minute recess for the witness. You remember that he is supposed to be given that consideration.

* * *

Q Well, now, how were the other stockholders to be contacted? How were they split up?

[2118] A I think people that were there just said I take this one or I take that one, went down the list that way, and if they were not very well acquainted with someone, they passed it up for someone who was better acquainted.

* * *

Q Well, who else besides yourself took some? Gutmann?

A Gutmann, Kirby.

Q Bennett?

A Bennett, Raney -- I don't think he took any. I don't recall that he did.

Q Who else?

A McMann, Case. I don't know that I could name any others.

Q Weipert or Guettler?

A Guettler, no. Weipert would be consulted, no doubt, in a good many, many cases, and expected to be.

Q Huber?

A Huber, yes. I couldn't think of his name for awhile.

Q What record do you have of the people that you contacted?

A I don't have any record.

* * *

[2122] Q Did you have this Exhibit 22, stockholders who have signed previous to the signing of those --

A (Interposing) I think I had a copy of that, but I didn't use it.

Q Never?

A No. I don't think I used it at all.

Q Did the stockholders receive copies of that in the mail?

A I couldn't say for sure. I think that some out of the county stockholders might have. I didn't have anything to do with the mailing of them. If they went out, I didn't see them mailed out, and I had nothing to do with placing them in the envelopes, and I don't know where they are.

Q When did you first see this Exhibit 22?

A I think after it was printed.

Q When would that be?

A I imagine right following the date of that. I think I had one to take out with me on the first contact. I think I had one of those, and they [2123] were probably printed around the first week in January, or thereabouts.

Q Who had it printed?

A I don't know that.

Q Did you also have a sheet with the actual signatures of these people on it?

A Did I? No.

Q Did you sign such a sheet?

A I signed a sheet, yes.

Q When was that?

A That I couldn't tell you. As to date, I don't know.

Q What did you understand that to be?

A What did I understand it to be? I didn't understand it to be a voting trust agreement, that the signatures represented that they had signed the voting trust agreement, because I don't think I knew much about the voting trust agreement at that time. There hadn't been enough discussion on it.

Q What did you understand that it was?

A We first discussed an agreement among the stockholders that was discarded. It wasn't satisfactory in some points that were brought out, and I think people generally that signed, they thought they were signing that agreement, simple agreement, with proxy attached.

Q Would that be Mr. Weipert's contract and stock option agreement?

Is that the one you mean?

[2124] A Well, ~~it~~ was kind of long, as I remember, and this looks like it.

Q That has got a proxy feature to it and an option?

A This looks like it was probably the agreement that was discarded. It was a lengthy affair, as I remember.

Q Well, then, in your mind, those sheets that you signed were connected with the first form?

A It was the intention, yes.

* * *

[2125] MR. FRANCIS: (Interposing) Have you read what is at the top of it, [Deposition Exhibit 22] witness?

A Pardon?

MR. FRANCIS: Have you read the exhibit?

A Well, I don't think people who signed this understood that they were -- that they had signed a voting trust agreement.

* * *

[2143] Q Did you write any letters in connection with the voting trust?

A I think I did.

* * *

Q What happened to them?

A As I recall, they were written in longhand. I wouldn't keep them.

* * *

[2144] Q Who were they to and who were they from?

A One of them was Earl Strand, in Santa Monica, California.

* * *

Q Who else?

A Arthur Smith, in Ogden, Utah. I remember those two.

* * *

- - -

GEORGE J. J. McMAHON, sworn.

EXAMINATION

BY MR. BRAND, JR.

* * *

[2359] Q What is Exhibit 22 anyway, so far as you understood it? It has been read, and so forth, but what was it to you?

A As far as I understood, Exhibit 22 was the original group of us who indicated our willingness to group together as a band with our stock in order to give us a point to bring in enough in a trust, or some such means, to keep the control as it stood and stands at the present time, control of the company.

Q What did you mean by control, 50 per cent or enough to elect five directors out of the eight, or what?

[2360] A Enough to control in the operation of Monroe Paper Products.

* * *

[2371] Q Let me ask, what do you recall specifically about a syndicate provision in there, that a syndicate could be formed by the trustees to buy the majority stock that was under the trust? Did that ever come up?

MR. FRANCIS: Just a minute. Does that say a syndicate formed by the trustees or joined in a syndicate?

MR. BRAND, JR.: Joined.

MR. FRANCIS: Of joining in the syndicate as a stockholder.

Q (By Mr. Brand, Jr.) What can you recall about that?

A I cannot recall 12 and 9 being discussed as the relationship as to one over the other. I don't think any of us in our open meetings ever thought that there was any desire on our part to eliminate the possibility of Monroe Paper Products ever being sold. The purpose in our mind of section 9 was to limit the sale of the company so that at least it would be financially to our interest to allow the sale; however, as to whether the trustees, as such, formed a syndicate to buy that sale at 15, if that is the purpose of your question, it still never came up as a concrete example, but we still did not in any way wish to hinder the trustees in anything that they would have been able to do had they not been a trustee. Have I made myself clear?

* * *

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JOHN F. GUTMANN, sworn.

EXAMINATION (June 22, 1954)

BY MR. BRAND, JR.:

* * *

[2576] Q I show you Exhibit 28. Did you sign that?

A Yes, I did.

Q When?

A Well, I imagine, pretty close to the date that is typed on there, December 15, probably on that date.

Q That would be what, the third meeting?

A Second or third, I don't know which one. Second.

Q What was the occasion for signing that?

A Well, these people, they signified their intention to sign a voting trust agreement, or anything, for that matter, any definite plan, for that matter, to avoid going through the rumpus we had back in September.

* * *

[2578] Q When that was being signed up, were there any other papers attached to it?

A No.

Q Was there a blue cover attached?

A I don't recall.

Q How many copies were signed?

A I don't remember how many copies were signed.

Q More than one?

A I don't remember.

Q When was the typing put on there?

A When was the typing put on there?

MR. FRANCIS: If you know.

A I don't know, no.

Q (By Mr. Brand, Jr.) You wouldn't say it was on when you signed, would you?

[2579] A No, it wasn't on, because it was the intention of these people to sign.

* * *

Q What makes you think the typing wasn't on when you signed?

A Because I don't remember of ever seeing the typing on.

* * *

- - -

MARION F. GUETTLER, sworn.

EXAMINATION

BY MR. BRAND, JR.:

* * *

[2714] Q Let me show you Exhibit 22 and ask if that doesn't refresh your recollection?

A It seems to me that did go with some of them, but it didn't go with all of them.

Q Well, what ones did it go with?

A As I remember, it only went with people who were far distances from the company.

MR. FRANCIS: I can't hear you.

A I think it only went to those people that were far away from the company that might have lost some contact with the company over the years. They were probably former residents of Monroe who had moved to distant points, but I know no local people received it.

* * *

[2716] Q Miss Guettler, over the recess have you refreshed your recollection as to who received Exhibit 22 and who did not?

A Yes, it wasn't to either any people who resided in the states of Michigan or Ohio. It went to the people who were farther distant than those two states.

Q And who refreshed your recollection on that?

MR. FRANCIS: That was her answer before lunch.

A That is what I said before lunch, that it only went to far distant points, but I thought only outside Toledo, but I recall later on -- I don't think we have any stockholders in Ohio anyway, and I know it didn't

go to any other Michigan people, but it did go to the ones that were farther distant, such as the State of Washington and Florida, I believe, the out-
[2717] lying points.

* * *

A You mean on this list?

Q Were any stockholders of the company not mailed copies of the Huber letter and the voting trust?

[2718] A I think he did tell me to hold up on a few.

Q Who were they?

A I couldn't remember anymore. I know that there were some sent out at a later date than others, but who they were, I don't recall.

Q By "he" you mean Mr. Weipert.

A Yes.

* * *

Q Where is your mailing list of the people to whom the Huber letter was mailed?

A I had no mailing list. I just used the stockholders' list.

Q Do you have a copy of the list you used?

[2719] A A copy of the stockholders' list?

Q Yes.

A I don't have it with me. I have it in the file at the office.

Q Will that show to whom the letter was not mailed?

A No, that wouldn't show, because I merely pulled out the envelopes after they were addressed. In fact, I went down the line and addressed one. As far as making out envelopes, we just went completely right down the --

Q And then you went back and pulled some of the envelopes?

A That is right. Later I was told to hold off.

* * *

[2722] Q Who prepared Exhibit 22?

A Who prepared this list? That I don't know.

Q When did you first see it?

A When did I first see it?

Q Yes, when?

A You mean in this form as it is now?

Q Yes.

A I believe the day when we were mailing them out is the first time I saw it. It was in with the printed material.

Q Did you have it printed?

A Did I myself have it printed?

Q Yes.

A No, I didn't.

Q When you say, "in this form," was there a previous form?

A I meant in this actual form. The first time I saw it was when it was going to go out into the mail the day it came back from the printer.

* * *

[2727] Q Now, when you mailed out Exhibit 22, you hadn't signed the trust agreement yet, had you?

A I don't believe so, because the cards were just being put into the mail at that time, and I had signed a card later on, but, as I recall, this wasn't to have been worded the way it was.

Q You are talking about the title on Exhibit 22?

A Yes.

Q What do you recall about that?

A It seems to me that it should have said something about prospective signers for the trust agreement instead of this. I don't understand this to this day, why that was.

Q It wasn't right at the time you mailed it, was it; I mean, you hadn't signed it?

A I don't know. I wasn't in charge of the printing. I don't know why they printed it that way. My understanding was it was just prospective signers. That was my understanding.

* * *

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HARRY J. SEITZ, sworn.

DIRECT EXAMINATION (August 19, 1954)

BY MR. BRAND, JR.:

* * *

[2833] Q Well, you tell it in your own way; what were the discussions, and when?

A Well, in March, well, around the first of March, Charlie Raney called me and asked me if I would be interested in purchasing some Monroe Paper Products stock for some people in Chicago, and I said I would be.

* * *

[2834] Q All right. Did Mr. Raney say who the party in Chicago was?

A No, he did not.

* * *

[2838] Q Is Exhibit 146, 146-A and 146-B the list that Mr. Raney furnished you?

A That is correct.

Q When did you receive it?

A Some time in March of this year.

Q Who delivered it to you?

A I don't remember who delivered it to me; it was brought into my office and left there when I wasn't there.

Q Do you know who prepared it?

A No, I don't.

Q What stockholders did you understand this list to comprise?

A Well, not in particular any, just a list of stockholders to contact.

* * *

[2839] Q You didn't know on what basis they had been selected?

A No.

* * *

MR. BRAND, JR.: Yes. Then let the record show that I read them in and the reporter can copy them in; and the total at the end of Exhibit 146-B, which is marked page 3, 4428 shares.

* * *

[2849] Q Are you sure that Exhibit 146-C was furnished you at the same time as 146 through 146-B?

A To the best of my knowledge.

Q I will summarize it in the record. 146-C is a similar sheet, similar captions, and it contains a total of 2084 shares of the following stockholders, * * *

* * *

[2852] Q What was the arrangement that was made for paying for the stock that you might acquire?

A After I talked to Mr. Raney I heard nothing more about this for a few days until the Monroe State Bank called me and said there was money over there to my account, to come over. I went over and funds had been deposited or sent there to be deposited to my account, and an account was set up.

Q Can we fix the date now that Mr. Raney called you?

A Well, a few days prior to the second day of March.

* * *

[2854] Q Was it ever disclosed that Thomas Paper Stock Company -

A (Interposing) The what?

Q The Thomas Paper Stock had put up any of those funds?

A I never heard of the Thomas.

Q Rockton Paper Board?

A Not at that time.

[2855] Q Alvin Sandroff?

A I never heard of him.

* * *

Q You don't know whose the funds were, other than Northern Trust Company, or Marine National Bank?

A That is right.

Q Did you subsequently talk to Mr. Raney or anyone else and find out whose funds they were?

A Later when we came to transfer the stock for the dividend I discussed it with Mr. Raney.

* * *

[2857] Q And did you have authorization to buy stock from anyone except from Mr. Raney?

A Well, no, no, that is correct, no.

* * *

Q How long after you talked to Mr. Raney did you purchase any stock?

A The first purchase was made on March 12, 1954.

* * *

[2860] Q And as I see it, you have deducted no commissions from the account?

A I have not.

Q Have you been paid?

A I have not.

* * *

Q Well, who do you expect to pay you?

A I expect the Rockton Paper Company to pay it.

Q No one else?

A No one else. That ran kind of close on the end there, but I am not worried about not being paid.

Q Have you ever met anyone from the Rockton Paper Company?

A No.

Q Have you ever talked to anyone?

A A No.

* * *

[2862] Q Exhibit 149 is a copy of a letter, April 7, 1954, Reid, Higbie & Company, by - would that be yourself?

A My secretary made that, without a doubt.

* * *

[2863] Q And the initials at the bottom of the letter, "H. J. S.", indicate that you did dictate it, is that correct?

A Well, I told her to make it.

* * *

Q The letter is to Mr. Charles Raney, Monroe Paper Products Company, Monroe, Michigan.

"Dear Charlie: This is to advise you that we have purchased and are holding the following Monroe Paper Products stock:"

Then it lists: * * *

* * *

[2864] Q Had you reported to anyone by telephone or conversations prior to then?

A Mr. Raney asked me at times what I was doing on that deal for these people. I talked to him on a few occasions on that matter.

* * *

A I sent out cards offering to purchase stock to this list of stockholders, and of course it also got around that I was paying $15 a share for the stock, and whether they got it one way or the other, I don't know.

Q When did you send out the cards?

[2865] A Right after - right after the money was deposited in the bank.

Q It was after that?

A Yes.

Q Do you have one of those cards?

A No, I do not; I do not have a copy, and I know the girl tried to find one but couldn't even find one nohow.

Q Can you tell us what was on it?

A In substance it said, "We will purchase a limited amount of Monroe Paper Products common stock at a price of $15 per share."

All typed, "Reid, Higbie & Company, 24 E. Front Street, Monroe, Michigan."

* * *

[2866] Q Did you check with anybody to see whether certain stock could be taken?

A No, I didn't check really; I didn't check with anybody. Most of this stock, however, was people that probably went up to the plant and wanted to sell and came down to my office because they knew I had money there to buy it.

Q Who is that true of that you can recall?

A Well, I suppose it is true of practically all of them; I don't know.

* * *

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September 13, 1954

[2] **LOUIS F. BRANDELY,** sworn.

DIRECT EXAMINATION

BY MR. SEMPLINER:

Q Mr. Brandely, you are an officer of the Waterbury National Bank?

A I am.

Q And as such you are here according to the subpoena served on you, is that correct?

A That is correct.

Q When did you first hear of the Monroe Paper Products Company?

A Approximately the early part of August, 1953.

Q What were the circumstances surrounding that?

A We were approached for a loan of $700, 000 by the Waterbury Corrugated Container Company to purchase stock in the Monroe Paper Company.

Q Who made the approach to you?

A Mr. Kinsey, of the Waterbury Corrugated.

Q Was there anyone else?

A No one else involved.

* * *

Q Did you go to the company's offices?

A I did.

Q What transpired there?

[3] A Mr. Kinsey asked me if it would be possible to obtain a loan of some $700, 000 from the Waterbury National Bank. I asked the purposes

of the loan and I think he told me to buy some stock in the Monroe Paper Company Products. I told him that our legal limit was $80,000 and as such we would have to secure participation in a loan of $700,000 from some correspondent bank of ours. I told him at the time I didn't think there would be any hesitancy on the part of our committee in passing upon our legal limit but I could not speak for our correspondent bank on picking up the excess until I approached them.

* * *

Q Did you make any memorandum relative to the first meeting?

A I didn't -- let me correct that -- I did probably make a memorandum in which some of the information I gathered that afternoon was incorporated.

* * *

[4] Q When was this visit to New York?

A I can't give you the date on that either.

Q Can you give me the month?

A In August 1953.

Q Immediately following this meeting?

A I would say it would be several days after the original meeting.

Q After you discussed the matter at the Waterbury plant -- incidentally, who was present when you discussed it?

A Mr. Kinsey only.

* * *

[6] Q Did you prepare such a memorandum?

A I did, hastily, that evening.

* * *

[7] Q I show you a document which has been introduced as Exhibit 113A and ask if you have ever seen this document before.

* * *

WITNESS: Inasmuch as there is no date or initials on this I can't definitely say, but it looks very much like a memorandum which I prepared and left at the Chase National Bank.

Q Do you recognize the contents of that document?

A It has been a long time ago since I read this, but if my memory serves me correct this is probably the document or the memorandum.

Q Is that part of the information you gave to the Chase National Bank to induce them to participate in this loan?

A Yes, this I would say would represent my conclusions, my own interpretations and conclusions of the various conversations I had pertaining to this.

[8] Q Reading that document you will notice that at one point it states one of the purposes of this purchase of stock was to gain control and to replace the management, is that correct?

A No, I would say that that was my own conclusion of a loan of $700, 000 that they requested. They were going to bid nine dollars and a half a share and, based on the statement I had seen of the Monroe Paper Company, I probably just concluded it was the control.

Q In other words, you were never told that they intended to gain control?

A At that time, no.

Q Were you ever told at any time?

A Lately I have been told that.

Q When was this document prepared, do you know -- Exhibit 113A?

A I would say the early part of August is the nearest I can date it.

Q But Mr. Kinsey at that time didn't tell you he intended to gain control?

A No, he did not.

Q Then when you state in this document, or when it is stated in this document the purpose was to purchase controlling stock in the Monroe Paper Products Company, of Monroe, Michigan, then that wasn't true at that time?

A That was my conclusion.

Q It is a conclusion you passed on to Chase National Bank to induce them to loan over $600,000?

A That's right.

Q Further on this document states, Mr. Kinsey reports if control can be obtained they plan to sell some Waterbury Corrugated Container [9] stock to the Monroe Paper Products Company in the amount of two to three hundred thousand dollars in order to reduce the loan at a more rapid rate -- did Mr. Kinsey tell you that?

A He didn't tell me that, no. That requires an explanation. In the first place, Chase National Bank -- I didn't know if they would accept participation. From prior experience we know they do not like long term loans, they consider anything over two and a half or three years long term, and we did not know if they required faster amortization than what was offered. When I say "plan" I used it in the colloquial sense. Perhaps an explanation of that would be if you had asked me a couple of days ago if I would be in the courthouse today, I probably would have said "yes, I plan to be there" when I know darn well I am going to be there. In talking to Mr. Kinsey, looking at it strictly from a credit side -- looking at the darkest side of the picture -- whether Waterbury Corrugated could meet the maturity dates requested by Chase for its participation -- I raised the question in talking to Mr. Kinsey, "just how could you repay this loan in the event things went bad at the Waterbury Corrugated, that you didn't make the money you have been" and I do recall he stated they had other assets, and I frankly think I suggested looking at Monroe Company's stock. He suggested a possibility there they had three to one capitalization, as I recall, and perhaps some other loan or interchange of securities could be utilized.

[10] Q Then Mr. Kinsey did not report to you that if control can be obtained they plan to sell some Waterbury Corrugated Container stock?

A He did not. Definitely.

Q Those are your own words?

A That's right.

Q It says further -- he further plans to change management which is weak and inefficient at the present time. Did Mr. Kinsey tell you that?

A I think he told me that management was inefficient, words to that effect. Whether he said they planned to change it or not, I don't know. Later, discussing it, he said there were no plans made to change management. I think that was afterwards.

Q At the time, in August, when you pencilled this memorandum which subsequently got into this form, did he tell you he planned to change the management?

A I don't think he used those words, by any means. He intimated that management was inefficient.

* * *

[12] Q The statement of purpose. This memorandum was prepared for the Chase National Bank, wasn't it?

A It was prepared to discuss the loan. It was my own recollection, to discuss the loan with Chase National Bank.

Q It was given to Chase National Bank as your opinion?

A It was left there. It wasn't a statement of fact and had no intentions of being a statement of fact, otherwise I would have retained a copy.

* * *

Q Will you explain why the statement says the purpose was to purchase controlling interest in the stock of Monroe Paper Products Company, at Monroe, Michigan?

A Well, I think I explained that in a previous question. The loan [13] was $700,000, to buy stock at nine dollars and a half, of a corporation whose capital stock had a book value of $1,860,000 and together with other funds Mr. Kinsey had available would have acquired control. That was my conclusion.

Q It is your statement now then, that simply because of the amount of the loan --

A And the bid price of the stock.

Q And the bid price of the stock, you assumed that this would gain control?

A Right.

Q Mr. Kinsey did not state at that time that his purpose was to gain control?

A No, he didn't on that occasion.

Q But he did state he was going to use $700, 000, plus his own money. Did he say he was going to spend his own money or Waterbury money?

A I think he said he had the money available to spend.

Q How much?

A $300, 000.

* * *

Q Considering the statement -- I will read the rest of it -- Mr. Kinsey reports that if control can be obtained they plan to sell some Waterbury Corrugated stock to this Monroe Company in the amount of two to three hundred thousand dollars, in order to reduce the loan.

[14] A You must remember this is the preliminary, before we knew that the loan could be obtained from Chase National, and I was trying to find out the answers to some of the questions that would come from Chase National Bank in the event they might want participation in the loan and in the event they required a faster amortization than what was offered. And among some of the questions I asked Mr. Kinsey was, "suppose you are not able to meet the terms of amortization from your earnings?" I think at the time he told me he had additional funds available and I know in looking over the state of Monroe at the time, that the discussion -- whether I deliberately made the statement or raised the issue, speaking of the cash position of Monroe -- I might have led into this subject matter, and I think he answered "well, perhaps we can do that."

Q Was it your recommendation then that he use the Monroe money to pay off?

A If possible, not knowing whether it was legally possible or not, yes.

Q Who was going to sell the stock of Monroe?

A I don't know.

Q Who did you mean when you said they would sell?

A They would make an offer. Waterbury Corrugated is a very valuable stock.

Q Have they got stock to sell in their own company?

A I don't know.

Q What did you know when you wrote the memorandum? Isn't it a fact, Mr. Brandely, you wrote exactly what Mr. Kinsey told you?

A It is not, definitely. This question here -- these were possibilities that might arise in the event Chase wanted a faster amortization on [15] this loan than the present terms, and I had to be prepared to answer the questions of Chase; where would additional funds come from, how they would be raised. We had no interest other than the participation of $80,000 which we would make to the company at any time without a side agreement.

Q What is the relationship of Chase National Bank to the Waterbury National?

A Correspondent bank.

Q It existed for a long period of time?

A Yes.

Q Everything you tell Chase National Bank in relation to loans you are going to tell the truth?

A Right.

Q When you put this in the hands of the Chase National you put it there for them to rely on?

A No, it was intended as a memorandum to myself to discuss with Mr. Romefelt.

Q But this was left with the Chase National Bank?

A It apparently was.

Q Then you didn't expect Chase National Bank to rely on that document?

A No, I don't think that was the intent of this memorandum, definitely not.

Q What was the purpose it was left with Chase?

A I think Mr. Romefelt asked me to leave this with him so that he could prepare it for his committee.

Q So that he could represent to the Chase National Bank loan committee --

A He had other factual information, statements and so forth.

[16] Q That is correct. We have a very detailed examination of Mr. Romefelt. This was left with Mr. Romefelt so that he could present it to his committee, but he wasn't expected to rely on it, is that correct?

A If it was a statement of fact it would be a signed statement and I would have submitted it to Mr. Kinsey before I brought it to Chase.

Q You never took Mr. Kinsey to talk to Chase, did you?

A No, I did not.

Q The fact of the matter is Mr. Kinsey never spoke to Chase National Bank, did he, in regard to this loan?

A That I can't say.

Q He never signed any application to Chase National Bank?

A No, he did not.

Q All applications were handled by you?

A There were no applications, except verbal.

Q There would be no occasion for Mr. Kinsey to sign this?

A If it was a statement of fact for the bank I would submit it to him for his inspection before it went.

* * *

[38] Q In discussing this loan or arranging for the loan did you have any conversation with anyone else other than Mr. Kinsey and the parties in the Chase National Bank and the parties in your own bank? In other words, was there anyone else connected with Waterbury Corrugated Container Corporation?

A Not that I recall.

* * *

[39] Q Suppose I gave you the memorandum.

A Mr. Kinsey informed me that the Groesbeck estate had a large block of stock of the Monroe Paper Company which I understood, from what source I don't recall -- which I understood was 48 per cent of the outstanding stock of Monroe Paper Products and from that I inferred, with 48 per cent coming from the Groesbeck estate, it was a very simple means of obtaining -- especially when he told of knowing of 4 thousand shares that probably could be purchased, I inferred he had control.

Q Did you encourage him to gain control?

A I told him I believed Chase National would be much more interested probably in participation if he had controlling interest in Monroe and not a minority holder. This is before the loan.

* * *

[40] Q Your conclusion as to the statement of further plans to change management which he claims is weak and inefficient at the present time -- was that a direct statement he made to you, that he planned to do that?

A I said "no" earlier, but I think the statement was made in this way -- he stated that the management was very, very inefficient and they could make a lot of changes in management, and I think probably he did make the statement that if they owned the majority of the stock they would change management and make it more efficient.

Q But you don't recall the word "plan?"

A No.

Q Where you use the word "plan" in three different paragraphs, that word "plan" in each case is your own?

A That is my own colloquial use of the word.

Q Did you plan to leave Exhibit 113A with the Chase National Bank?

A I did not. It was not intended to. I think Walt, as I left his desk, said, "leave that with me, I'll return it to you, so that I can prepare something for my committee."

Q This was not intended as a formal application of any kind?

A No.

Q As you said before, if there had been a formal application incorporating these various statements you would have gotten it signed by [41] Mr. Kinsey?

A Oh, very much so.

* * *

Before Hon. Arthur F. Lederle, Chief District Judge, Detroit, Michigan, February 18, 1954, 10 A. M.

APPEARANCES:

GEORGE E. BRAND, Esq.,
GEORGE E. BRAND, JR., Esq.,
Attorneys for Plaintiffs.

HUGH FRANCIS, Esq.,
Attorney for the Monroe Paper Products Co.

ARTHUR W. SEMPLINER, Esq.,
Attorney for Certain Director- Stockholders
of Monroe Paper Products Company

WEIPERT & WEIPERT
Attorneys for Voting Trust Trustees.

- - -

* * *

FEBRUARY 18, 1954

* * *

MR. BRAND: . . . .

[6] We are asking, temporarily; at least until your Honor can get a chance to pass on the motion to dismiss, which will come up next Tuesday, that they be enjoined and restrained from transferring any of that stock on the books of the company, and from issuing any new certificates, Voting Trust certificates for the stock until we at least have had a chance to have that determined. Now, if counsel is willing to agree on the record here that they will not attempt to transfer that stock between now and the time the motion to dismiss is disposed of, and that they will not issue any new certificates, so that the status quo will be retained, I would be willing to rest on that agreement, and not bother you for a restraining

order; but, if, on the other hand, they are not willing to do that, then we allege in our motion that this will be to the great detriment of the plaintiffs and to the company, and permit them to reap the benefit of a deal that we are claiming is illegal, improper, and in violation of their fiduciary duties and obligations.

* * *

[16] MR. FRANCIS: (Interrupting) Oh, your Honor, in connection with his statement (Mr. Brand), we will instruct our clients to do nothing that will be harmful to the present situation.

THE COURT: And maintain the status quo.

MR. FRANCIS: That is right.

THE COURT: That is the language that he used.

MR. FRANCIS: That is right

MR. BRAND: If counsel will agree to that, and, if we do not finish by this afternoon down there, when we adjourn over the weekend, the understanding will be that no stock will be transferred that is on deposit with the Voting Trustees, and no new certificates will be issued, and no attempt will be made by the Voting Trustees to vote that stock until the determination of the motion to dismiss and any other motion that is on next Tuesday, and at that time my motion for injunction will be heard -- in other words --

THE COURT: (Interposing) I understand that all right, Mr. Brand. Now, why cannot the answers to these questions wait until then?

MR. BRAND: I am willing to do that, if they will not --

[17] MR. FRANCIS: That is all right.

THE COURT: Then we will leave everything just as it is. You go ahead with your examination of the corporate records that they have produced.

MR. BRAND: Yes, that is right.

THE COURT: As far as you can go today, and then next Tuesday I will hear everything.

MR. BRAND: Yes, and until then the status quo is to be preserved.

THE COURT: That is right.

MR. FRANCIS: Thank you, your Honor.

- - -

* * *

[1] FEBRUARY 23, 1954

THE COURT: I will dictate a statement, Mr. Connolly, that you may take.

* * *

[3] MR. BRAND: Now, about this, we had an understanding that pending the determination of these motions to dismiss, which were supposed to be on today, there would be no change, that the status quo in respect to the voting trust agreement as to the receipt of additional stock, and the issuing of additional certificates, would be maintained.

We were ready to go ahead with the motions to dismiss today, which had already been filed last week and noticed for today, and additional [4] motions of some character have been filed today and noticed for some other time.

What I would like to know is whether we can extend our agreement that the status quo with respect to voting trust activities will be maintained until the motions to dismiss are determined. If not, then I have the motion that I made last week for an injunction, and that ought to be passed upon.

MR. FRANCIS: If your Honor please, as far as the corporation is concerned, I will simply say this, that there is no action that these voting trustees can carry out until next August, when the annual meeting is held. I do not know of anything they could do if the voting trust were -- if any exchange of certificates were made in the meantime.

One thing further I would say, your Honor --

THE COURT: You, as the corporation, could not do anything about this anyway.

MR. BRAND: No.

THE COURT: That is really Mr. Weipert and Mr. Sempliner.

MR. FRANCIS: Your Honor, I have another question.

MR. SEMPLINER: I have no objection to continuing the arrangement.

THE COURT: To maintain the status quo --

MR. WEIPERT: (Interposing) The further signing of the voting trust agreement.

MR. BRAND: Or transferring the stock or issuing [5] certificates.

THE COURT: (Continuing) -- until such time as we hear the motions to dismiss.

MR. BRAND: That is right.

- - -

* * *

MAY 3, 1954

[2] THE COURT: Kinsey vs. Knapp.

I think you will have to bring me up to date on this whole matter.

* * *

[4] MR. BRAND, SR.: * * * Now I will call to the stand, first, Mr. Leo Boudinet, trust officer of the Monroe State Savings Bank.

LEO BOUDINET was thereupon called as a witness and, after being duly sworn, testified as follows:

EXAMINATION

BY MR. BRAND, SR.:

Q Will you state your name for the record please?

A Leo Boudinet.

Q Mr. Boudinet, you are a trust officer of the Monroe State Savings Bank?

A That is correct.

Q You have had charge of the various agreements involving stock [5] of the Monroe Paper Products Company in the last two years?

A That is correct, sir.

Q In other words, wherever there was a trust relationship or agency relationship involved, it was under your supervision?

A That is correct.

Q You were examined partly as a witness on depositions; right?

A That is right.

Q And you stopped testifying first at the time the inquiry was being made into the voting trust agreement and then later you were examined as to that; right?

A That's right.

* * *

[6] Q Now as of that date, February 1, is it not a fact that not more than 37000 shares, or approximately 37000 shares, of stock of the company had been actually deposited under the voting trust agreement?

A It is correct, sir.

* * *

[8] Q When I examined you on March 2, approximately 72, 000 shares had been deposited at that time; is that right?

A As I recall, yes.

[9] Q That you were still short. At that time, did I not bring out from you that in addition to the so-called 72, 000 shares, you had some stock certificates on deposit for which voting trust certificates had not been issued?

A That is right.

Q I am assuming that voting trust certificates for the 72, 000 approximately had been issued. Right?

A That's right.

* * *

[11] Q They total up 2, 604 shares, that is, on March 2; right?

A Yes.

[12] Q Now, I put this question to you when we were talking about the deposit of stock. I asked you: "Now, have they completed it since?"

And you said, "No, sir."

"Or are there some of these that are not?

"A Some of these are not completed.

"Q All right."

And here is the answer to that question, "All right":

"And some of them are certificates that are over at the bank, but they have not been issued because Mr. Weipert said he had an agreement with you that we were not to issue any more certificates until such time as we were again advised by counsel to issue certificates; so the issuance of voting trust certificates has been held up. I have stake here with me that is waiting to be issued, but hasn't been issued."

* * *

[15] Q Now, is it not a fact, Mr. Boudinet, that on March 9, o week later, after I started your examination, my associate continued with the examination as to the voting trust agreement; right?

A Either 8th or 9th of March.

Q On that day, you had on hand additional stock, did you not, for which no voting trust certificates had been issued?

A Yes.

Q Quite a lot, wasn't it?

A I don't recall how much, but --

Q (Interposing) Twenty-six hundred shares on the 2nd, when I examined you. How much, approximately, did you have on hand -- if you can tell from your records, I wish you would -- on March 9, when you were examined?

A I couldn't say, Mr. Brand, how much had come in between the 2nd and the 9th.

Q Considerable?

A I would say yes.

Q I will bring it out in another connection.

Did you not make a note on your records, trust records, that on February 8 the voting trust was closed to [16] further signatures and stock exchange?

A Right.

Q We examined you as to that notation in your writing; right?

A Yes.

Q Now, there was another notation there, "February 23, 1954." Now, that is the date the agreement was extended in court. Did you not make the notation on your records, "February 23, 1954 closed to issuance of voting trust certificates until further notice from William Weipert"?

A Yes.

Q Now, he explained to you, did he not, and you testified to an arrangement either my associate or I had in court concerning the issuance of new certificates; right?

A With him.

Q That notation was made to indicate on your records that no voting trust certificates would be issued until you got clearance from Mr. Weipert?

A That's right.

Q Now, you were also examined, were you not, as to an entry that was written in pencil and then partly erased, dated March 4 -- that is, two days after I examined you and three days before my associate did -- to the effect that it was all right to issue certificates; right?

A Yes.

Q You never were able to explain just what the significance of [17] that was, but do you recall that you testified definitely in response to my associate's questions that that did not mean that on March 4 you were told by Mr. Weipert you could go ahead? It did not mean that?

A No.

Q And no certificates had been issued then?

A That's right.

Q That was on March 9, when my associate examined you?

Q Now, isn't it a fact that notwithstanding -- well, that will be an argument.

Isn't it a fact that on March 10, the day after you finished your examination, you did issue a large number of voting trust certificates; that is correct?

A That is correct. Mr. Weipert advised me on the tenth of March that we could again issue certificates.

Q Did he tell you that the agreement was off?

A I supposed that the agreement was off because I don't know what the conversation was between you and Mr. Weipert.

Q Of course, you wouldn't know.

A The only thing I know, Mr. Weipert did call me and told me it would be all right for us to again issue voting trust certificates.

Q You are clear that when you issued a large number of voting trust certificates on the 10th, you did it on Mr. Weipert's [18] instructions?

A That's right.

Q You understood whatever arrangement previously to not issue was off?

A That's right.

Q Did you know at that time I was not here and the Judge was not here? Did you know that?

A No.

Q Now, you have here in the courtroom your records showing what voting trust certificates were issued after March 9, haven't you?

A That's right.

Q Can you get them quickly? I just want to check a few figures and dates. You might bring the stock certificates to the stand, too.

These are the stock certificates?

A Yes, those are the stock certificates.

Q Take your stubs of your voting trust certificate book and start in with around 290, and if you will take the stand, I will ask you some questions, please.

Is it not a fact that on and after March 10, 1954, you issued new voting trust certificates beginning with No. 291 and ending with No. 369?

A 291 is the correct starting number.

Q Now, the one prior to that date was what?

[19] A February 20.

Q February 20. The last voting trust certificate had been issued prior to March 10?

A February 24.

Q February 24?

A Correct.

Q Was that one that was held up, that you hadn't issued?

A Yes.

Q So maybe five or six back of that would be the last date any were issued prior to March 10 other than those that were held up?

I don't know whether that is a good question or not. If you understand it, you can answer it.

A They had been issued -- I mean, as they had come in up to February 24. After February 24, there hadn't been any issued from that time on. They were held.

Q Now, we have added up the numbers of shares covered by the certificates, working from your stubs; and, barring error, the total number of shares, not including certificates that were reissued, is 23, 847.

In addition, there were reissued new certificates for old trust certificates, 724.

Now, opposite the name and address on your records is an indication how these voting trust certificates were delivered, isn't there, to the certificate holder?

[20] A Yes.

Q And in practically -- oh, I would say, 95 per cent of the cases, there is a notation that the certificates were sent to the holder or to the person to whom they were issued, through the mails; right?

A That is right.

Q There is no question but what those certificates were not only mailed to people locally in Monroe and in and about Michigan, but some went into other states; right?

A A few of them did, yes.

Q Well, one of the few I recall here is Sandroff, who got a trust certificate for 1500 shares. That went by mail, did it not?

A That's right.

Q To Chicago, Illinois. The situation today is what, as respects the number of shares that have been deposited, and the number of trust certificates that have been issued? What is the situation?

A You mean the number of shares outstanding now?

Q No. What has been deposited to date with the voting trustees?

A I have 95,514-7/8.

Q That is more than 50 per cent of the stock?

A That is correct.

Q And are all of the certificates that you claim signatures for either to the agreement or to the signature card, in -- are they all in now, or are there still some to come?

A There are still some out.

[21] Q Have you any idea, in number of shares, how many there are?

A I'd say maybe 1500.

Q So it will be approximately 97,000 shares?

A That's right.

Q And certificates have been issued for all except that latter amount?

A That is correct.

Q Have any of those stock certificates that were deposited been transferred on the books of the paper company?

A No, sir.

Q Have they been presented yet?

A No, sir.

Q You are awaiting instructions as to that?

A That's right.

Q Now, isn't it a fact that from the time this lawsuit was commenced until at least March 10, when you issued this big batch of certificates, that various people were out soliciting the deposit of stock, trying to get the stock in, running it up from 37,000 shares to 72,000 and now up to ninety-some thousand? Right?

A Yes, I know there were some people out.

Q Isn't it a fact that among the people that were very active in that connection were employees of the company? And I will name them: Gutmann, Kirby, and possibly Guettler?

A I don't know about Guettler or Kirby, but I know Mr. Gutmann [22] was.

Q You know he got a large number of signatures on the voting trust agreement itself, that is, the legal paper, and a great number of them signed, to which was attached a copy of the voting trust agreement?

A He got some of those signatures.

Q Quite a few. Now, you also know, do you not, that other officers of the company were doing the same thing: Raney, Knapp, and Blum?

A They were probably doing some, yes.

Q Now, many of these certificates of stock that were brought in subsequent to the commencement of suit on February 2 are witnessed by employees of the company; am I not right?

A Some of them are.

Q Gutmann and Kirby, at least?

A That's right.

* * *

[55] MR. FRANCIS: I am not going into the angles on the voting trust because that is for the argument of other counsel, but I am concerned, if your Honor please, in not having any injunction issue at this time. We are not going to transfer that stock on the books of the company until this matter is settled, but we don't want an injunction because if we did transfer it and tried to hold a meeting, why we would be right back in court again.

- - -

* * *

NOVEMBER 10, 1954

HENRY C. HELM, sworn.

DIRECT EXAMINATION

BY MR. FORD:

* * *

[1258] Q (By Mr. Ford) Now, showing you a two-volume work, Mr. Helm, which has been marked on the fly leaf as Exhibit 6, can you tell us what this is?

MR. BRAND: Can't we agree that it is what it says it is?

MR. FORD: Let's take the witness' answer.

A This is an appraisal which our company prepared under date of September 5, 1953, of the buildings, machinery and equipment of the Monroe Paper Products Company, of Monroe, Michigan.

Q Now, calling your attention to that page which you were just looking at, which I think is page 1 --

A Yes.

Q That could be described as the certificate page, could it not?

A That is right.

Q Whose signature is this at the bottom?

[1259] A That is my signature.

MR. FORD: The certificate reads as follows:

(Reading):

"The Lloyd-Thomas Company, a corporation, has furnished its professional service in accordance with contract. Our experienced and qualified appraisal engineers have, as of this date, made a personal inspection, investigation, analysis and classified record of the physical property herein summarized and described. After a careful review of the conditions outlined and detailed, we certify, under our corporate seal and over the signature of an authorized officer of our company, the going concern value to be

"Replacement new value.

"Seven million one hundred thirty thousand six hundred and forty-four dollars and ninety-four cents ($7, 130, 644. 94).

"Net sound or depreciated value, four million three hundred sixty two thousand one hundred eighty dollars and eleven cents ($4, 362, 180. 11).

"Exclusive of assets enumerated on page 2.

"The property scheduled is known as:

"Monroe Paper Products Company.

"Buildings machinery & equipment.

"1151 W. Elm Avenue,

"Monroe, Michigan.

[1260] "We have not examined into and do not pass upon the title to or liabilities against any of the property appraised.

"THE LLOYD-THOMAS COMPANY

"H. C. HELM,
"Vice-President.
"Date, September 5, 1953.
"Register No. 39, 825."

* * *

CROSS EXAMINATION

BY MR. BRAND, JR.:

* * *

[1284] THE COURT: Yes. Now, applying that principle to your appraisal, do you think that the estimate of your engineers who did not see the equipment at all, would be of any value to me, in determining what the equipment was worth?

A No, but we must keep one point in mind. As I stated before, this appraisal was made principally for insurance purposes, to determine insurable values; and if that property were destroyed, and these items, the insurance company must replace it, providing they are carrying adequate insurance.

THE COURT: I think I understand you.

A In other words, they would have to pay what a similar item would cost at the present time.

THE COURT: What you are saying is that this appraisal does not purport to be the fair market value of equipment involved, but it is a bookkeeping appraisal prepared for the purpose of insurance adjustment?

[1285] A That is right. It is not a fair market value appraisal.

THE COURT: Yes.

A In any sense of the word.

THE COURT: All right.

- - -

* * *

DECEMBER 1, 1954

[2798] CHARLES E. RANEY,

CROSS EXAMINATION

BY MR. BRAND, JR.:

Q Mr. Raney, when was the increased insurance business given to Mr. Murphy?

A Which increase do you mean, George?

Q You said you put on a million and a half of insurance after the appraisal. When did you do it?

A I think it was sometime in September.

Q What part of September?

A Oh, possibly the middle of September.

Q Not when you received the first letter from Mr. Reihmer?

A About that time. I don't know whether it was the first letter or the second letter.

Q Was it put on temporarily at first?

A Yes.

Q And when was it finally decided to keep the insurance?

A I don't recall.

Q Was it decided before the appraisal was received?

A I can't tell you that without checking.

Q Don't you know whether it was 1953 or 1954?

A That is right.

Q Who made the decision that the increased insurance should go to Mr. Murphy? You?

A Because he had the other, the balance of the insurance.

[2799] Q I didn't ask why. I asked who made the decision.

A I did.

Q The fall of 1953, you changed insurance agents on the outside inventory insurance, did you not?

A Yes. I think it was in 1953. That is right.

Q Shifted to the Doerner Agency?

A That is correct.

Q Who made that decision?

A I did.

* * *

[2807] Q Did you purchase the Deerhof stock in January 1954?

A Well, I think I did.

Q That came through Boudinet?

A I don't remember. Mr. Knapp asked me about it for a neighbor of his, I believe.

Q What price did you pay for it?

A I think it was $10.00.

Q Did you purchase any stock subsequent to that time?

A I don't know.

Q On January 29, 1954, did you send a telegram to stockholder Willamin, in Fort Worth, Texas?

A I know I sent a telegram to Texas but I don't know what date.

Q What was the substance of that telegram?

A I believe it was asking her to join the trust, or sign the [2808] trust, I don't know which, without looking at the telegram.

Q Did you wire her offering to buy her stock at ten dollars a share?

A I may have done that; whatever was in that telegram I sent.

* * *

Q In January 1954, did you send a telegram to stockholder Mickowitz, offering to buy his stock?

A I don't recall the contents of the telegram, but I know Mrs. Mickowitz.

Q That one was sent from the company office?

A I don't know.

Q Where is the copy of it?

A I don't know.

Q Did you send a telegram to stockholder Bowles, offering to buy his stock?

A No.

Q What other stockholders did you send telegrams to in January and February 1954, offering to buy their stock at ten dollars [2809] a share?

A I believe that there was a Mr. Stevens.

Q In Largo, Florida?

A Somewhere in Florida.

Q Who else?

A I don't know.

Q There were others, but you don't remember the names?

A I wouldn't say there were others.

Q Where is a copy of the Stevens telegram?

A I don't know.

Q Weren't those telegrams charged to the Monroe Paper Products Company?

A I don't think so. I would say they were not.

Q To whom were they charged?

A They were either charged to me personally, or the committee.

Q Are you sure of that?

A I can't swear to it, but I am telling you my opinion.

Q Weren't you present when the deposition of the telegraph company was taken?

A I believe I was there part of the time.

Q Do you still say that you don't think they were charged to Monroe Company?

A I can't say definitely; I would say that if they were charged to the company, they were paid later, or paid for by the treasurer of the committee.

[2810] Q Wasn't that what happened, that they were charged to the company, and paid for later by the treasury of the committee?

A I don't know when they were paid.

Q Was the matter of increasing the insurance coverage a million and a half dollars submitted to the Board of Directors?

A No.

Q You did that as general manager?

A For my own protection.

Q Was the matter of the change to the Dorner Insurance Agency, on the outside inventory insurance, submitted to the Board?

A No.

Q You exercised your own discretion?

A That was due to getting a cheaper rate from the other company.

Q My question is, you exercised your discretion?

A That is correct.

Q And that is true in both instances?

A Right.

* * *

DECEMBER 9, 1954

[3113] Q I show you Trial Exhibit 122. Is that the telegram that you sent to Miss Wilaman, or, more accurately, is that a telegram that you sent to Miss Wilaman (handing the exhibit to the witness)?

A Yes.

MR. BRAND, JR.: We offer it in evidence.

MR. FORD: No objection.

THE COURT: It may be received.

MR. BRAND, JR.: Trial Exhibit 122 is a Western Union telegram, datelined Monroe, Michigan, addressed to Florence B. Wilaman, 3212 Waits; the telegram is dated January 28, 1954, 3:05 P. M., and reads as follows:

(Reading):

[3114] "Re letter Jan. 26 would you please wire collect if you would consider selling at the market price of 10.00

per share.

"Charles E. Raney."

Q Did you send a similar telegram to Mr. Mikowetz?

A Mrs. Mikowetz, yes.

Q Did you send a similar telegram to the Bolles in Fort Lauderdale, Florida?

A No.

Q What telegram did you send them?

A I didn't send any telegram to them.

Q Do you know who did?

A No.

Q Did you send a similar telegram to the Stevens in Longo, Florida?

A I am sure I did.

Q Did you send one to the Kampes in Bacilla, California?

A Who?

Q K-a-m-p-e?

A No.

Q What telegram was sent to them?

A I don't know.

Q Did you send one to the Meunier in Riverton?

A I am sure I did.

Q And to Miller in Youngstown?

[3115] A Yes, I am quite sure I sent one to Miss Miller.

Q To Cowe in Seattle?

A Yes.

Q To Elmer in Greenport?

A No.

Q What telegram was sent to the Putneys in Riddle, Pennsylvania, I imagine?

A I can't recall without --

Q What telegram was sent to the Marvins in Miami, Florida?

A I am sure I didn't send them any telegram.

Q Were not all of those telegrams sent from the Monroe Company office?

A I couldn't tell you.

Q Were not the ones that you sent?

A I think they were.

* * *

[3116] THE COURT: (Interposing) Can I ask, Mr. Brand, what difference or what this has to do with our case?

What are you trying to establish?

MR. BRAND, JR.: That in January, 1954, defendants sent telegrams to a great number of people offering to buy their stock for $10 a share in order to get it under the Voting Trust.

THE COURT: Haven't we covered that?

You were trying to buy all the stock you could get, weren't you, at $10 a share?

A Yes, sir.

* * *

[3117] Q Is Deposition Exhibit 145 a telegram you sent to Mrs. Sidney

Mikewitz?

A That is right.

* * *

DECEMBER 10, 1954

* * *

[3133] MR. BRAND, JR.: We offer Deposition Exhibit 146-G in evidence.

MR. FORD: There is no objection.

THE COURT: It may be received.

MR. BRAND, JR.: The exhibit is a telegram, March 16, 1954, from Charles E. Raney to Albert I. Stevens, Howell Trailer Camp, Largo, Florida:

> "Your letter from broker received and note your question. If you wish to sell at $15 and support our group we wish you would sell to Reed-Higbie, Monroe, Michigan. Please wire your wishes."

Mr. Raney, was that wire sent from the company office?

A I believe so.

THE COURT: Who is it signed by?

MR. BRAND, JR.: Charles E. Raney.

THE COURT: Did you order it sent?

A I am sure I did.

* * *

[3134] THE COURT: The question, witness, I had was what did the expression "our group" mean to you, as you have used it?

A That meant the group that he knew in the Monroe Paper

Products.

THE COURT: Specifically, the names.

A Well, that would be all of us.

THE COURT: Would that include Mr. Feinberg?

A No.

THE COURT: All right.

A No, it wouldn't include the so-called Detroit group.

THE COURT: Well, who would it include?

A It would include Mr. Knapp, Mr. Leathers, Blum, myself, others that Mr. Stevens might know in Monroe.

THE COURT: Now, in connection with what you call the Monroe group, did Mr. Sandroff belong to that group?

A I would say so.

THE COURT: Did he live in Monroe County?

A No, sir.

THE COURT: Where did he live?

A In Chicago.

* * *

[3148] Q (By Mr. Brand, Jr.) Mr. Raney, whom did you personally get to enter into the Voting Trust?

A I think I testified before that I talked to John Murphy, talked to Arthur Kronin, Ann Holefca. Offhand, I can't recall others. There may have been some.

- - -

* * *

DECEMBER 15, 1954

LEO BOUDINET, sworn.

DIRECT EXAMINATION

BY MR. FORD:

* * *

[3519] Q You did prepare such an exhibit, did you not?

A Yes, we did.

Q Did you bring that along with you?

A Yes, I did (producing a statement).

* * *

[3520] Q Tell us how it was made.

A I had one of our stenographers type up the names from the stockholders' list, which had been furnished us by the Paper Products Company last February, and then I turned the matter over to Mr. Riser, one of our officers, to complete the data that Mr. Brand wanted on there; in other words, the old stock certificate numbers, the number of shares, and when the voting trust certificate was issued, and the number of the voting trust certificate, and if there was a change in the name in which the certificate was issued, that notation was made. If there was no change in the name of the certificate, in the name in which it was issued -- in other words, if it was left as the original certificate deposited, there was no indication given.

(The tabulated list in question was thereupon marked Trial Exhibit No. 187.)

Q The list has been marked as Trial Exhibit 187.

A That is correct.

* * *

[3524] Q Can it be said that Exhibit 187 is made up out of the original records which are here?

A That is right.

* * *

[3534] Q Now, referring to this exhibit again, 187, will you tell us what the situation is as of today or as of the date when you made up this exhibit, if that is any different, as to what we have in the way of --

A (Interposing) Well, we had agreements signed of 15,214 -- for 15,214 shares. We had cards signed for 81,914-7/8ths shares, which [3535] made a total of 97,128-7/8ths shares. We have stock issued, 95,608-7/8ths shares.

Q You say stock issued. Voting trust?

A Voting trust certificates issued, yes, sir. And there are 2458 shares who signed but not deposited.

* * *

CROSS EXAMINATION

BY MR. BRAND, JR.:

* * *

[3548] Q Can you tell me from your voting trust certificate book the number of shares that had been issued by January 30?

A 35,254-1/2.

* * *

[3552] Q * * * What does your Trial Exhibit 187 show as to Edgar and Ruth Martin?

A Well --

Q Not what it says. I want to know from you what it is meant to [3553] show.

A It means -- it is meant to show that they had signed a card for 500 shares of stock, but they never deposited the stock, nor sent it in. We never received the stock.

- - -

* * *

DECEMBER 17, 1954

GEORGE A. BLUM, was thereupon called as a witness herein, and, having been first duly sworn, testified as follows:

* * *

CROSS EXAMINATION

BY MR. BRAND, JR.:

* * *

[3713] Q (By Mr. Brand, Jr.) Mr. Blum, in addition to people whose signatures you got on Exhibit 14, did you not also contact other people who signed up directly with the bank?

A Yes.

Q And can you give us any estimate of how many?

A It would be hard to say how many, but I know that a number [3714] went in and signed up after I talked to them.

Q Well, would there be 15 or 20 more?

A Well, it could be that. I don't know how I could name any definite figure.

* * *

[3715] "Q Did you write any letters in connection with the voting trust?

"A I think I did.

"Q Did you receive any answer?

"A Yes, I think one or two."

- - -

* * *

DECEMBER 29, 1954

GERALD L. STOETZER, sworn.

DIRECT EXAMINATION

BY MR. BRAND:

[4216] Q Mr. Stoetzer, you are a member of the State Bar of Michigan?

A Yes.

Q And a member of the firm of Clark, Klein, Brucker & Waples?

A Yes, sir, I am.

Q Have you a copy of an invoice rendered by your firm to the Monroe Paper Products Company on or about October 1, 1953? Have you a copy of it?

A I have, sir.

* * *

[4276] Q (By Mr. Brand, continuing) Now, you are down to November 20, and I ask you what was the contact on that date, and with whom, and what about?

A On November 20, 1953, Mr. Raney, vice-president of the company, came to my office and stated that he wished to discuss a further matter with me.

Q According to your records, was the entry made relating to that conference carried along in the same records as the previous entries were? That is, was it the same sheet?

A Under our office practice, we have individual slips of paper that are torn from a large sheet, and once a matter is disposed of, with a billing report, that is the end of that matter; there is no continuation in the sense that you are referring to.

However, the first time charge on this new matter, dated November 20, is headed Monroe Paper Products Company, as before.

Q The same as before?

A Yes.

Q It would shorten matters if you would just refer, or read, beginning with the first contact on November 20, read your time records in, and that will point the examination and shorten it, I am sure.

A All the time charges are headed Monroe Paper Products Company.

November 20, 1953, conference with Mr. Raney relative to Voting Trust and stock deposit proposal, and opinion in connection therewith, 45 minutes. Gerald L. Stoetzer.

November 24, preparing memorandum relative to required opinion on proposed stock deposit arrangement, 30 minutes. The initials, G. L. S.

November 25, office conference with Mr. Klein relative to opinion concerning Voting Trust and stock deposit agreement, 30 minutes. [4278] G. L. S.

November 25, office conference with Mr. Donnelly, relative to method of keeping majority stockholders in control; examining statutes, and telephone conference with Mr. Raney, and dictating opinion re same.

* * *

[4282] MR. FORD: My thought is this only, your Honor; the present pending objection has nothing to do with any question of privilege. If we are presently coming into a field where Mr. Stoetzer, or the firm, became advisers to the Voting Trustees, for example, or if it should finally be so decided, then as far as the Voting Trustees are concerned there is no claim of privilege advanced by them. * * *

* * *

[4286] MR. BRAND: Yes.

Trial Exhibit No. 223 reads as follows:

"November 24, 1953.

* * *

[4290] Q (By Mr. Brand) I ask you, Mr. Stoetzer, if what you stated in there as knowledge coming from Mr. Raney fairly states what he told you?

A Yes, sir.

Q And that was the understanding that you had, that is, that that indicated the objective of what you were being consulted about and what opinion you were being asked for?

A Yes, sir.

* * *

[4294] Q I will give it to the reporter, and, while we are on it, I will say that Trial Exhibit 224 is dated November 25, 1953, addressed to Mr. Charles E. Raney, Vice-President and General Manager of the Monroe Products Company, and it bears the initials G. H. K., which I take it are Mr. Klein's initials?

[4295] A Yes, sir.

MR. BRAND: I offer it in evidence.

(Handing the exhibit to Mr. Ford.)

MR. FORD: No objection.

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* * *

FEBRUARY 15, 1955

DAN S. HOLEFCA, sworn.

DIRECT EXAMINATION

BY MR. BRAND:

* * *

[7313] Q If the contract remains the same and the same premium is on it, and it continues for a period of ten years from the date, what would your total fee be --

A (Interrupting) Approximately -- not fee, but commission you mean?

Q Yes?

A The commission would be approximately $15,000.

* * *

[7337] Q * * * Now, what is the total compensation that you were entitled to under the usual arrangement with the insurance company on the administrative plan?

A Somewhere in the vicinity of the same compensation as under the hourly plan over the same number of years.

Q In dollars, about the same amount?

A Yes, sir.

Q Fifteen thousand dollar maximum?

A Somewhere in that neighborhood, sir.

Q How much have you been paid to date on that?

A I would presume about half of that.

- - -

* * *

MARCH 8, 1955

THOMAS B. HART, recalled.

DIRECT EXAMINATION

BY MR. BRAND:

* * *

[7894] Q (By Mr. Brand) Mr. Hart, how long have you been connected with the Securities and Exchange Commission?

A Since 1938.

Q And in your present position, how long?

A Since 1942.

Q And you have succeeded Mr. Odenweller, who is in charge of the regional office at Cleveland?

A Well, there was a consolidation, Mr. Brand, of the two offices, and that was effected about May 1 of 1954.

Q And the office then, was moved from this area --

A (Interposing) No, we continued the office in Cleveland, but with a very much reduced staff.

Q So that you are in charge of the regional office that has to do with the Detroit end of it?

A Yes, sir.

Q When did the Monroe Paper Products Company voting trust certificate matter first come to your attention?

A I would say approximately the middle of May of 1954.

Q Not prior to that time?

A No, sir.

* * *

MARCH 9, 1955

[7921] THOMAS B. HART.

REDIRECT EXAMINATION

BY MR. BRAND:

Q Have you during the recess examined the report made to the Commission [SEC] of the June 30 meeting?

A Yes, sir, I have.

Q And are you able to read into the record the portions of that report that pertain to that meeting?

A Yes, sir.

Q You are willing to do that?

A Yes.

Q Well, I ask that you do so.

A Before I start, I would like to make mention, so there will not be any misunderstanding, that there are some footnotes that contain appraisals and evaluations that I would prefer not to read into the record, and there are one or two phrases. Outside of that, I can read the rest of the letter, or the memorandum.

[7924] Q Very well. Will you read the portions that you feel free to read?

A The place was 1074 Federal Building, Detroit 26, Michigan; date, June 30, 1954; subject: Monroe Paper Products Company, CL-236, "CL" standing for Cleveland. That is my own interpolation.

"Mr. Thomas P. Hart, Regional Administrator, and Edward H. Rakow, Attorney at the Detroit Branch Office, conferred at 9:30 A. M. today with the following persons:

"Mr. Hugh Francis, 1226 Dime Building, Detroit 26, attorney for the subject company.

"Mr. William J. Weipert, 35 East Front Street, Monroe, Michigan, attorney for the voting trustees.

"Mr. James D. Cook, President of the Monroe State Savings Bank, depositary under the voting trust agreement.

"And four of the trustees, Mr. Burton S. Knapp, Charles E. Raney, George A. Blum and Don B. Leathers.

"Mr. Arthur W. Sempliner, the remaining trustee, is a Circuit Court Commissioner for Wayne County, and was unable to attend. Mr. Knapp is President of the company, Mr. Raney is Vice-President and General Manager; Mr. Blum is Secretary-Treasurer; Mr. Leathers is a Director and [7925] substantial stockholder.

"Mr. Hart informed the group that he had conferred last week with Mr. Walter G. Holden, Assistant Director of the Division of Trading and Exchanges, and Mr. Charles H. Eisenhart, and Gerald J. O'Leary, Assistant Directors of the Division of Corporation Finance, regarding this matter, at which time the Regional Administrator was ready to recommend the immediate filing of a complaint to enjoin further violation of Section 5 of the Securities Act.

"It was decided, however, to make a final effort to determine whether the trustees intended to file a registration statement. Mr. Hart said this meeting was called in view of the conferences which representatives of the trustee had had in Washington. It was understood, as a result of the first Washington conference -- "

THE COURT: Will you read slowly, so the reporters are sure to get this. Normally, they would have an opportunity to look at the document, but here they will not.

A (Reading):

"It was understood as a result of the first Washington conference that the trustees would make a re-offering of the voting trust certificates pursuant to a registration statement coupled with an offer to rescind the prior transactions. The second meeting involved a pre [7926] filing conference. Mr. Weipert admitted to Mr. Hart that the trustees had fully intended to proceed with such filing and would have done so except for certain subsequent action by the so-called Waterbury group, which was later described.

"Mr. Francis then took over with a lengthy presentation, supplemented by data which Mr. Cook furnished with the bank records. It was substantially as follows: The trustees admitted that the use of the mails and facilities of interstate commerce to effect the exchange without registration of the voting trust certificates constituted a 'technical' violation of Section 5. However, they initiated the solicitation in good faith in reliance upon a legal opinion dated November 25, 1953, addressed to Mr. George J. Huber, Chairman of the Stockholders' Committee of the company. This letter was signed by Mr. George H. Klein, a member of the Detroit law firm of Clark, Klein, Brucker & Waples."

I would like to state at this juncture that I am omitting to read the next three, four, five, six lines. Resuming a new paragraph:

"There are presently on deposit with the trustees 95, 605 7/8 of the company's outstanding 186, 671 shares, or about 52 per cent. They represent the holdings of 318 of the 423 stockholders. Voting trust certificates with respect to these 95, 000 plus shares have been issued and delivered. [7927] However, the Waterbury group has notified the trustees that it has purchased voting trust certificates representing 2, 383 of these shares and the trustees 'have good reason to believe' that Waterbury has bought certificates for 3, 100 more shares, making a total of 5, 483.

"If Waterbury is able to withdraw these shares from the voting trust, the management will be left with only 90, 182 shares, or less than half. Mr. Francis said that the Waterbury group, through the securities firm of A. H. Vogel & Company of Detroit and a Monroe, Michigan agent is bidding $18 or $19 a share for undeposited stock or voting trust certificates, and that therefore, the trustees 'just can't take the chance' of offering to rescind the consummated transactions of exchange."

This next paragraph, it is nine lines, is not strictly in accordance -- by that, I mean it was a conversation over the phone other than what strictly took place in the conference. I would prefer to delete it.

THE COURT: All right.

A (Continuing) "Mr. Francis proceeded with an argument to the effect that the Commission ought not to take the side of a big Eastern corporation against the management which had built up the company and enable it to squeeze out the small stockholder by taking control. He said, 'If the Commission files a suit for injunction, the effect will be to turn over [7928] this company to the Waterbury interests.'

"Mr. Hart replied that the Commission does not take sides but is charged with the duty of administering the Act. If it is violated, the Commission may not withhold appropriate action because the result might be to aid one group at the expense of another. He pointed out that injunction proceedings certainly would have been recommended as soon as we had facts tending to show the violations. The only reason for delaying such a step was to give the trustees the opportunity to make a legal re-offering, as counsel had assured us they intended to do.

[7929] "Mr. Francis mentioned that for many years he had been an associate of the late Governor Alex J. Groesbeck in the practice of law; that after the latter's death he became a 'passive' party to the extent of 1,000 shares to a pool which had acquired some of the company's stock to be sold as a 'control block', along with the 32,000 shares in decedent's estate. According to Mr. Francis, and the trustees, the 'ringleader' of the 'sell-out' plan was Mr. Charles Feinberg, who acted as 'finder' first of the National Container Corporation offer, and subsequently the Waterbury dealer. Mr. Francis broke with his old associates when the National Container proposal fell through, and replaced Mr. Thomas Griffin, of Monroe, Michigan, as attorney for the company, following the September, 1953, stockholders' meeting. Mr. Griffin had represented the Groesbeck group in its effort to sell to National Container.

"Mr. Francis said he has become conversant with the affairs of the company only as the result of the 30 days of taking testimony by the Waterbury group in aid of discovery with respect to the pending civil suit. He stated, and the Trustees agreed, that during his long tenure as president, Mr. Groesbeck operated on the theory that the less the shareholders knew about the financial condition of the company the better. As a result, the only intelligible information which ever has been furnished the public [7930] stockholders in this connection, has been the 'condensed balance sheet' as of June 30, 1951, and the 'summary of profit and loss' for that year end, which accompanied the notice of annual meeting on September 23, 1953.

"Mr. Raney, the General Manager, said that 'it has not been figured out' by what extent the new appraisal figures referred to in the December 31, 1953 letter of solicitation, increased the book value of $10.32 a share shown at the foot of the above-mentioned balance sheet. All of the Trustees agreed, however, that they would be willing at this time to sell the deposited block of stock at $15 a share if Waterbury would make such offer.

"Mr. Knapp complained of certain 'unethical' tactics by representatives of the Waterbury group in soliciting depositors to sell their voting trust certificates. He said that Mrs. Agnes Larrow, of Monroe, Michigan, who exchanged her 1,000 shares for a voting trust certificate on March 10, 1954, was approached by a Mr. Meyers, and another man who may have been a Mr. Fleischmann, who offered her $17 a share, which she refused."

THE COURT: Just a minute, Mr. Hart. It is very easy for one that is reading a document to start reading pretty fast. We read normally faster than we talk, so if [7931] you will slow up a bit.

A Very well.

"They allegedly 'ran down the company and the management' and said, 'If you won't sell at that price you will take a lot less when our people get control.' He also claimed that Mr. Alvin E. Sandroff, of 1500 North Hooker Avenue, Chicago, who holds a certificate for 1297 shares was given the same 'song and dance.' Mr. Knapp said there are other instances of 'sharp practice' on the part of the Waterbury agents but he could not presently recall the names of the persons involved.

"Mr. Hart at this point alluded to the fact that information obtained in the course of our investigation reveals not only that shareholders have surrendered their stock without having the material information which would have been required in a statutory prospectus, but in at least one instance an agent of the management used extremely questionable tactics in obtaining the signature of an elderly woman to the Trust Agreement. It also was pointed out that certain statements in the December 31, 1953, letter appeared to be materially misleading. Mr. Weipert's reply was that 'They could have gotten it all straight by reading the copy of the Trust Agreement.' When it was stated that the investigation has developed the stockholders were unable to understand the legal phraseology of this [7932] instrument, Mr. Knapp remarked to Ed Rakow, 'That is probably right. I read it over but didn't understand until later that one paragraph gives the Trustees the right to sell out their own certificates.'

"At the conclusion of the conference, Mr. Francis said the Trustees would 'appreciate the opportunity' to have a final conference in Washington, and if possible, to present 'their side' to the Commission itself. Mr. Hart agreed to transmit this request. A copy of the amended complaint filed about two weeks ago in the pending civil action was furnished, together with a copy of the answer and counter-claim of the company. Mr. Weipert agreed to send us copies of the Answer filed on behalf of the Trustees.

"The amended complaint charges, among other things, that the trust agreement was 'improper and unlawful' because 'the Voting Trust Certificates issued and to be issued have not been registered under the Securities Act, and no registration statement thereunder has been or is in effect, and consequently, sale and delivery of said certificates is unlawful.'

"Signed "Edward H. Rakow, Attorney,
1074 Federal Building,
Detroit."

[7933] MR. BRAND: I take it that the court reporter will transcribe that as fast as possible and let Mr. Hart check it over to be sure that the reporter's transcript is accurate.

THE COURT: All right. I will ask Mr. Connolly to do that when he returns.

Q (By Mr. Brand) Now, having reviewed the memorandum, did the matters that are therein reported and referred to actually occur, as therein stated?

THE COURT: I will take the answer to that question subject to all the objections heretofore made.

MR. FORD: Thank you, your Honor.

MR. BRAND: You had better read it.

(The last question was read by the reporter.)

A To the best of my knowledge and belief.

Q (By Mr. Brand) Is the report a complete report of what occurred at that conference?

A With the exception of one or two items which I have indicated were deleted.

Q And will you state why you deleted those portions?

A Well, they were references to matters that occurred outside of this meeting that Mr. Rakow and I were presently engaged in with the parties heretofore mentioned.

Q And the report was reporting as to those matters -- right?

[7934] A It had reference to other matters.

Q To these other matters that you have mentioned?

A It had reference to matters outside of the immediate matter that we were discussing at that time.

I also want to reiterate that there are footnotes which I did not read and which had to do with appraisals and evaluations.

THE COURT: I think maybe the record should be clear what the witness means by that expression "appraisals and evaluations." It misled me at first. I thought he was talking about appraisals of the plant, but apparently he wasn't.

A Appraisals of the statements I meant, your Honor.

* * *

[7955] Q Was anything said by either Mr. Francis or Mr. Weipert as to the use of the mails or interstate commerce facilities in connection with the voting trust agreement?

A Whether that was brought up by Mr. Rakow and they stated that they had used, or whether they mentioned it in the first instance, but the gist of that was that there was the admission that there had been a technical violation of Section 5, coupled with the statement that they were relying on an opinion that they had obtained from this firm of Clark, Klein, somebody and somebody. I have forgotten the [7956] full name of the firm. Now, I think it was Mr. Francis who stated he thought that there was probably a technical violation, but went on to couple it on the basis that it wasn't willful and that they had relied on this legal opinion.

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* * *

MARCH 17, 1955

DAN S. HOLEFCA, sworn.

DIRECT EXAMINATION

BY MR. BRAND:

* * *

[8473] Q When you put up your money, you knew you were putting it up under an escrow arrangement?

A I did, sir.

Q Who explained all that to you?

A Mr. Raney and I believe Mr. Boudinet, whom I called about it.

Q Well, now, state in your own way the substance of what each one of those men told you then.

A The most pertinent recollection is Mr. Raney saying, "I think we will have to raise some money to buy the Groesbeck stock to keep it from getting into unfriendly hands. Would you be willing to go along and pick up some of it with us?"

Later, in speaking to Mr. Boudinet, I wanted to know more about the voting trust, which wasn't clear to me. Would I have voting rights? Would I have dividend rights? Would I have resale rights? My biggest concern was for resale rights. Mr. Boudinet assured me I could do everything but vote the stock.

Q You could do everything but what?

A Vote the stock certificates.

[8474] Q Well, then, before you put up your money, you knew that the voting rights were going to be controlled by someone else?

A That's correct.

Q As to the stock that you were going to buy?

A That's correct.

Q Who was going to control them?

A At the time I asked the question, they said, "The trustees have not been elected" -- at the time that I put up the money.

* * *

[8475] A I put my money into escrow before there was a firm voting trust instrument, as I recall.

Q Yes, that's right.

A And then when the voting trust became an actuality, I was interested in my rights under it.

Q Well, now, did you make any inquiry at the time you put up your money into the escrow as to what your rights were going to be?

A Yes, sir. I remember two things distinctly.

Q Well, mention them, please.

A The first is that it was anticipated the company, at a later date, would buy back stock and call it treasury stock, so that if I wanted to get out of the agreement, I could; and the second thought was that the Directors had discussed the establishment of a regular dividend paying basis, which hadn't apparently been in existence theretofore; and it was these two things that encouraged me.

Q Now, those occurred before you made up your mind to put up the money at all?

A Yes, sir.

[8476] Q Now, will it help you, the deposit slip of the escrow agent in the Monroe State Savings Bank shows that on September 11, 1953, your check for $5,000 was deposited, along with some others.

A Well, I am quite certain that's right, because I didn't go into it until the last meeting.

Q Now, the conversation that you have just related preceded September 11, 1953 -- right?

A Yes. With Mr. Raney, my conversation with him did.

[8477] Q Now, what was the uncertainty or the matter that was uncertain that hadn't yet been decided that was discussed prior to your putting up the money?

A $5,000 is a lot of money to me, and I just didn't want to rush into it, and my broker said, "Stay away from the proxy fight."

Q What was the uncertainty that was made known to you as to any matter that had not yet been decided as to how this escrow was going to operate?

A Well, they hadn't elected the voting trustees.

Q Well, then, you knew when you put up your money and decided to come in that there was going to be a trust agreement eventually?

A I presume I did.

Q Well, isn't it true that you did?

A What is the date of that?

Q September 11 is the deposit slip. My question is, didn't you know by September 11 before you put up your money that eventually it was, there was going to be a voting trust agreement?

A Yes, I think I did.

Q But the thing that you did not know was who were going to be the trustees?

A I believe that is true.

Q And you understood when you put up your money that you would have all rights except the right to vote would be placed [8478] in some trustees?

A That is correct, sir.

Q And who they were had not been decided, right?

A That is correct, sir.

Q And that was told to you by Mr. Raney; is that right?

A I didn't say he didn't tell me that. He didn't know who they were. I didn't know who they were.

Q With that modification, that was told to you by Mr. Raney, right?

A I believe he told me that the people who invested in the company would have some voice in who should be voting trustees but it would probably be those who had the greatest amount of stock.

Q I see. What mention was there made as to there being a syndicate at the time you were asked to put up your money or to take stock?

A The only reference to that, Mr. Brand, would be that Mr. Raney said a group of people are willing to help, and if that could be called a syndicate -- that wasn't referred to as a syndicate to me.

Q Whom did he say would be in that group, or would likely be in that group besides yourself?

A He only mentioned one person I know; that was Howard Korneffel, who I later called and asked his advice about it.

Q Did he tell you how much Korneffel was putting in?

A No, sir.

[8479] Q When did you find out?

A At the night of the party.

Q On October 1?

A Yes, sir.

Q It appears that H. F. and Ethel Korneffel put in $10,000 on September 12. That is the day after you put yours in.

A I could see the pressure brought to bear at the last minute.

Q Now, what conversation did you have with Boudinet as to this group or voting trust or who was putting up money?

A I had no conversation with Mr. Boudinet regarding the group or who was putting up money. My only conversation with him had to do with checking on voting rights and naming my wife and children as owners.

Q Who else besides Mr. Raney did you talk to concerning buying stock or the terms under which you would buy it?

A Only Mr. Reid, my broker, and my wife.

Q Did you talk to Boudinet about any phase of this matter prior to your letter to him of October 20, 1953?

A Yes, I think I talked to him about how this should be done or whether or not I could do it that way, or whether I had a right to assign my right under the voting trust to my wife. Actually that became a gift to my children in trust to my wife. That was a legal problem.

Q Is it a fair statement that prior to October 20, 1953, you did not discuss with Mr. Boudinet anything connected with [8480] your buying stock or how it would be issued or in what names other than some time before October 20 you inquired as to whether you could split it up into the way you wanted?

A To the best of my recollection, that is a fair statement.

Q Then the only discussion that you ever had with Boudinet prior to your letter related to that particular problem, right, how the stock could be split up?

A And the voting rights at the same time.

Q Now, what discussion did you have concerning voting rights with Boudinet that you refer to?

A I believe it was just in a side remark to him that has no bearing. Really, you can't expect me to remember what I said to Mr. Boudinet 18 months ago.

Q I don't have to expect anything. I am like the Judge. Maybe I will get more. Maybe I didn't expect to get as much as I got.

A I will give you anything I can possibly recollect, everything.

THE COURT: Well, witness, I think you have been doing that right along. I mean, I think you have been very fair.

Q (By Mr. Brand, continuing) What I am trying to find out is you were told that you were to have all the rights of the stockholder excepting the voting rights would be tied up in some way; right?

A That is correct.

[8481] Q I am trying to find out what was the discussion that you had on that point. How long was it to be tied up? How were they to be tied up?

A I cannot recall.

Q All right. Well, get at it, then, in a negative way: It was not just a giving of a proxy for a particular meeting or so?

A No, sir, I knew it was a permanent arrangement.

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* * *

MARCH 18, 1955

LEO J. BOUDINET, recalled to the stand.

CROSS EXAMINATION

BY MR. BRAND, JR.:

* * *

[8522] Q (By Mr. Brand, Jr.) Do you have the demand that the Waterbury Company made on or about September 15, 1954, for return of stock?

A Yes, I have.

(A letter dated September 15, 1954, was marked Trial Exhibit 433 by the reporter.)

MR. FORD: We have no objection to Exhibit 433.

THE COURT: It may be received.

* * *

[8525] MR. BRAND, JR.: Trial Exhibit 433 is an original letter on the letterhead of George E. Brand, dated September 15, 1954, addressed to the Monroe State Savings Bank. We ask that it be copied into the record. Attached to it is an adding machine tape.

Q (By Mr. Brand, Jr.) Did you run the tape, Mr. Boudinet?

A Yes.

Q And what is it?

A It is a total of the certificates that are listed on this demand and the number of shares, so that it covers the total of shares that were demanded to be returned by this letter.

Q And the total is 11,797-1/2 shares -- right?

A That's right.

* * *

[8529] Q And there are prior demands for all of this?

A That's right.

Q Now, may I have those demands, please?

A (Witness produced documents.)

(Thereupon a group of papers was marked Trial Exhibit No. 434, 434-A through 434-Z, 434-AA through 434-II by the reporter.)

Q You have handed me, and we have had marked as Trial Exhibit 434, a group of papers consisting of an adding machine tape which is marked Trial Exhibit 434 and a large group of what you have referred to as demands which have been marked Trial Exhibit 434-A through 434-II. Were these demands received from time to time by the Monroe State Savings Bank?

A That is correct.

Q And do you know from your examination that these demands cover all of the stock as to which Waterbury made a demand?

A I believe so. Can I see that total?

Q You are indicating to me that it covers all of the stock as to [8530] which Waterbury made demand, and some additional?

A Some additional ones that were received.

* * *

[8571] Q (By Mr. Brand, Jr.) Mr. Boudinet, what other stock is the Monroe State Savings Bank holding -- and by "stock", I mean in the Monroe Company -- for which it has not issued the voting trust certificates?

A We are holding certificates for 1,040 shares of Rockton Paperboard Company.

Q Give us the number and date.

A Certificate #2977, dated the 1st day of June, 1954.

Q What else?

A We are holding a certificate for 100 shares, #433, in the name of Janette S. Still.

We are holding a certificate for 100 shares, #1446, in the name of W. Mikowmetz and Edna Mikowmetz jointly.

We are holding a certificate for 94 shares, #595, in the name of Simon P. Scheick.

We are holding a certificate for 93 shares, #1637, in the name of Philip Vergho.

Q Is that all?

A Yes.

[8572] Q Is it claimed that Mr. Philip Vergho is the party to the voting trust agreement?

A No.

Q And why are you holding his stock?

A His stock was brought in to deposit in the voting trust agreement after we had been advised the voting trust agreement was closed. We had also been advised that perhaps it might be opened again at some future time, and for that reason, the stock was just held in the files pending either Mr. Vergho's coming in and picking it up, or else if the voting trust was reopened to further deposit, a certificate would be issued to him.

Q Can you fix the date at which it was brought in?

A Yes. February 19, 1954.

* * *

[8542] Q (By Mr. Brand, Jr.) Mr. Boudinet, when Mr. Marvin Harris and myself were in Mr. Cook's office on September 15, 1954, did we not have the voting trust certificates with us and offer them to you in [8543] exchange for the stock?

A Yes.

Q Did not Mr. Cook then ask Mr. Weipert, "What will we do, Bill?"

* * *

A As I recall, we were sitting in the office, and the matter of this presentation and demand for these certificates was made, and Mr. Harris. We discussed the matter with Mr. Weipert, who was representing the voting trustees, and Mr. Weipert advised us to refuse to return the original certificates.

So we advised Mr. Brand that under the advice of Mr. Weipert, counsel for the voting trustees, that we would not return the original certificates.

* * *

[8544] Q What do you recall as to the reason either Mr. Weipert or Mr. Cook gave Mr. Harris and myself for refusing the demand?

A As I recall, Mr. Weipert said these people were a party to the voting trust agreement, and that therefore, having made themselves a party to the voting trust agreement, they could not withdraw at that particular time, and our returning the stock to them, allowing them to withdraw, would make a breach of their agreement to be a member of the [8545] voting trust.

Q Who said all that?

A I think Mr. Weipert.

- - -

* * *

MARCH 22, 1955

* * *

DAN S. HOLEFCA, sworn.

* * *

CROSS EXAMINATION

BY MR. SEMPLINER:

[8657] Q Did you attend the annual meeting?

A I did, sir.

Q Did you attend as a stockholder?

A Yes, sir.

Q Was your stock placed in any voting trust at the time you attended the annual meeting?

A I understood my stock was in escrow and that I had given oral permission to have my stock voted by the company officers

Q Who was the stock in escrow with?

A I don't recollect with whom it was in escrow.

Q What was the purpose of the escrow?

A To gather the voting rights of stock held by people who were favorably inclined toward the existing management.

Q Who was the escrow agent?

A I don't recall, because my check was sent -- made payable to cash, as I recall, in the name of -- or in the trust of Mr. Raney who said he would turn it over to the people.

Q From whom did you receive -- whatever you sent your check for, what did you receive for that check eventually?

A I later received a voting trust certificate for 500 shares [8658] of stock.

Q When did you receive this?

A I believe it was in February or March of 1955.

Q Did you have any dealings with Mr. Leo Boudinet in relation to this stock?

A I recall a phone conversation with him.

Q And what was the purpose of this phone conversation?

A An attempt to clarify the disposition of my contribution to the escrow arrangement.

Q And what was not clear to you at that time?

A I had sent Mr. Raney a check for $5,000, which he was to place in proper hands. That wasn't as tight a business arrangement as I ordinarily wish to be a party to.

Q Well, did you have a clear, or do you have a clear recollection now of just what took place at that time?

A I do not; it is most hazy

Q At that time, to the best of your present recollection, did you have a clear understanding as to details of what was taking place?

A The factual details, as I understood them, were that incumbent management wished to have as many friendly stockholders as possible whose votes they could be assured of, so as to retain control of the company.

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MARCH 22, 1955

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LEO BOUDINET, sworn.

CROSS EXAMINATION

BY MR. BRAND, JR.:

* * *

[8759] Q On the certificates that were delivered by mail, does the bank have any transmittal letters?

A Yes, we do.

Q May I see them, please?

A Yes. (Handing documents to counsel.)

Q You have handed me a group I would say about an inch thick, a file of thin copy paper sheets, containing copies of letters, most of which appear to be on the same form. Was it your practice in all cases when you delivered the certificates by mail to enclose a letter which, in turn, requested that the [8760] recipient of the certificate sign the attached receipt and send it back?

A Yes, and return it to us.

Q And this group are those letters?

A Yes. That represents those letters.

Q What is the number?

A I have the amount, Mr. Brand.

Q How many letters are there?

A 142.

Q What is the period covered by these 142 transmittal letters?

A Oh, I would say from the 8th of January, 1954, through October, 1954.

Q Was there not a letter of December 13, 1954, also?

A December 13, 1954? There could be, George. I wouldn't know.

Q Why is it that in view of the fact that you are issuing certificates as late as October, 1954, that you refused to issue Mrs. Newbar's certificate?

A Well, after June, we issued no certificates that had not -- where the stock had not been previously deposited. Those after June Mr. Weipert asked us not to issue any new certificates. Those certificates were issued, that were issued after that date were only reissues of stock or voting trust certificates [8761] that had been issued prior to that time and were being transferred.

* * *

[8772] Q Now, in searching for this Brennan receipt, you had a group of receipts given to other stockholders. What are they?

A They are receipts for stock that came into the bank. Sometimes when we were busy, we didn't have time to issue the stock at the time the stockholder brought it in, and others of those receipts were given during the time of the gentlemen's agreement and during which we were not to issue any voting trust certificates.

Q May I see them?

A (Continuing) The people left their stock at the bank. We issued them a receipt for their stock and it was to be delivered to them at a later date.

[8773] Q You have handed me the following receipts, which I would like to identify on the record.

February 27, 1954, Telbizoff, 331 shares.

March 1, Stella Tom, 38 shares.

March 8, Alvin A. Sandroff, care of Thomas Paper Stock Company, 1,297 shares; and a duplicate of that receipt in the file, also a paper notation, "A. E. Sandroff."

Who prepared that?

A I couldn't tell you. It is an address someone gave us.

Q Did you get it from Monroe Company?

A I couldn't tell you.

Q (Continuing) March 5, Moyer, 937 shares.

February 27, Moynihan, Jr., 50 shares.

March 1, Larow, 1,000 shares.

March 1, Gilday, 10 shares.

March 1, Dewey, 173 shares.

I notice on most of these the copy and the original are in the file. How did that happen?

A Well, we asked them to return the original receipt when the stock was delivered to them.

Q Rousello, 47 shares, March 5.

March 5, Blanke, 56 shares.

March 5, Kimmerling, 94 shares.

March 5, Nellie Kimmerling, 94 shares.

[8774] March 5, Fishman Paper Co., 500 shares.

March 5, McCormick, 300 shares.

March 5, Wahmhoff, Toledo, Ohio, 47 shares.

March 5, Lamale, 500 shares.

March 5, Chapman, 375 shares.

March 5, Drulard, 250 shares.

March 5, Sarah Heller, 187 shares.

March 5, Frank Tudaro, 23 shares.

March 5, Richard Tudaro, 25 shares.

March 5, Mary Tudaro, 75 shares.

March 5, Rousello, 10 shares.

March 5, Joseph Tudaro, 23 shares.

March 5, Alfred Tudaro, 23 shares.

March 2, Margaret Snell, 337.

March 2, Little, 94 shares.

March 2, Price, 100 shares.

March 2, Cronin, Jr., trustee, 250 shares.

March 2, Herbert, 375 shares. I guess that is Herbst.

And next to that in the fil is a different form of receipt, February 27, 1954, received from Mr. William J. Herbst, 375 shares on certificate No. 24250, Monroe Paper Products Co. stock. Roger O. Case.

Who is Mr. Case?

[8775] A He is an employee of the company.

Q Were some of these other shares brought in by employees of the company?

A I couldn't answer that.

Q March 2, Gerther --

A "O-e-r-t-h-e-r?"

Q No.

A Gertner.

Q Gertner, 53 shares.

March 3, McCormick, 296 shares.

March 6, Wright, 93 shares.

Who brought the Wright stock in?

A I couldn't tell you.

Q March 6, Albion, 47 shares; who brought that in?

A I don't know.

Q March 8, Bauerly, 50 shares.

March 6, Crouse, 80, 188, and 79 shares.

March 9, Duvall, 375 shares.

February 27, Karl, 468 shares.

February 26, Eichbauer, 131 shares.

February 24, William Eichbauer, 219 shares

March 1, Dull, 200 shares.

March 1, Brost, 75 shares.

Was not the Brennan stock on deposit until September, 1954?

A I couldn't answer that; I don't know when he came in and [8776] picked it up; I have no record outside of the fact that he surrendered his receipt back to us for the certificate.

Q In September, 1954, did you have any talk with anyone concerning issuance of certificates for the Brennan stock, the Newburn stock, and the Mergho stock that you had on hand?

A No.

Q When was the Marvin, Edgar and Ruth Marvin stock received?

A (After searching) Is that E. W. Marvin & Company?

Q No; Edgar and Ruth Marvin.

A (After searching) I do not have any Edgar and Ruth Marvin.

Q Will you see if you have a signature card for them?

A (After searching) Yes. (Handing a card to counsel.)

Q You have handed me a signature card of Edgar W. Marvin, 1600 Biscayne Drive, and/or Ruth H. Marvin, Miami Beach, Florida, 500 shares?

A Yes.

Q Where did this come from?

A I imagine it came through the mail.

Q Where did it come from now? Where did you get it right now?

A Right here (indicating).

Q Was it attached to the rest of the cards?

A No, I had it separate, with this other group (indicating).

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